

NATION'S BUSINESS

PROPOSED DESIGN FOR REMODELING ESTABLISHMENT
OF JOHN GREEN COMPANY

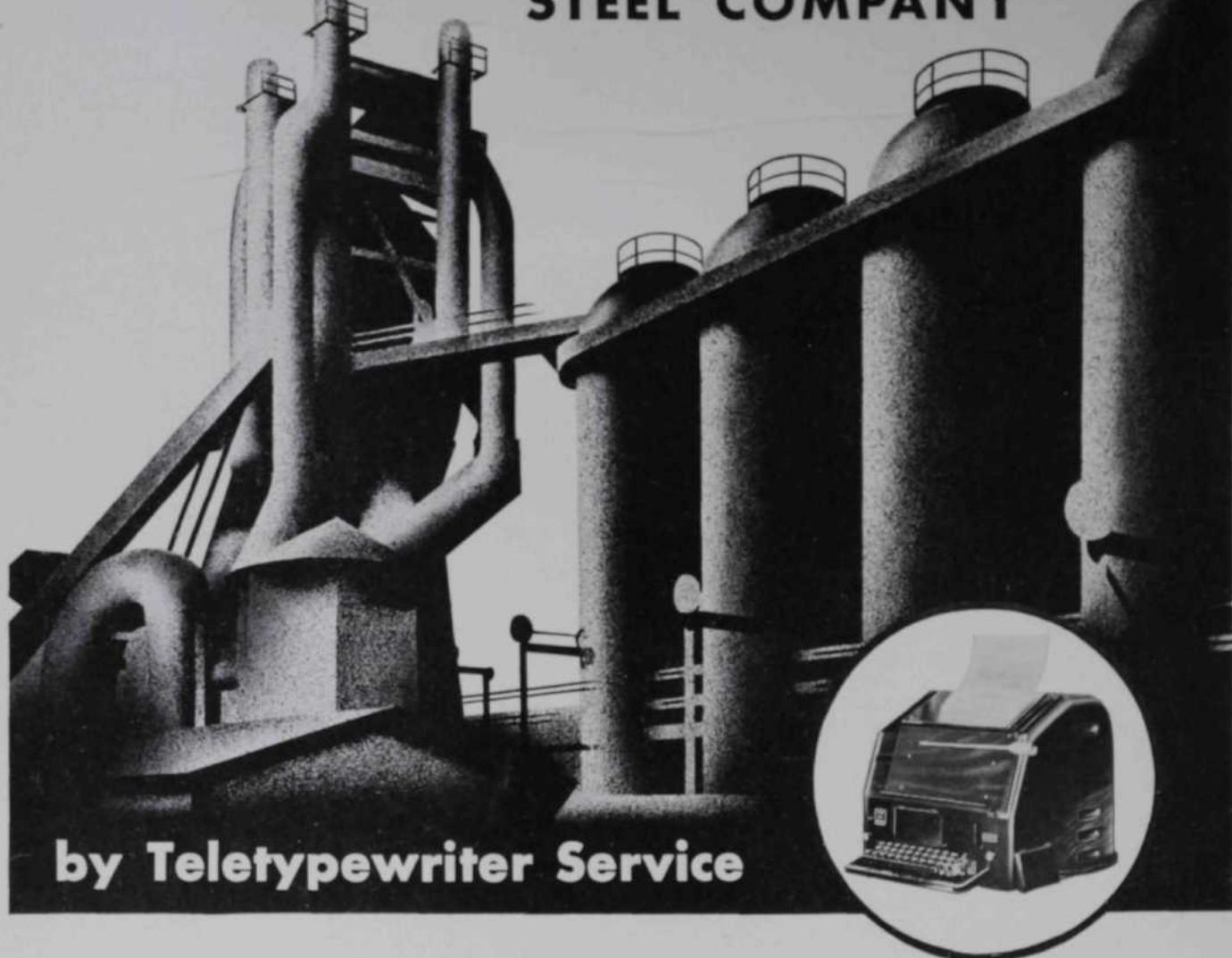


MAY • 1933 Up-to-Date Interpretations of Recent Events in Washington—in Banking, in Farming, in Anti-Trust Legislation

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES

CONTROLLING A GREAT

STEEL COMPANY



by Teletypewriter Service

WITH its mines, blast furnaces, mills, shipyards and sales offices located in widely separated parts of the country, The Bethlehem Steel Company represents an industrial domain . . . far-flung in its activities, yet as closely co-ordinated in operation as though all units were in a single city.

Teletypewriter Service . . . typing by wire . . . is a vital factor in making this co-ordination possible. It keeps separated offices in constant and accurate *written contact* with each other, thus facilitating the activities of every department. The resulting unity of action speeds up all operation and helps to keep down overhead cost.

The value of Teletypewriter Service is by no means confined to large companies. Smaller concerns find it helps them to cut costs, to

eliminate waste motion and to build new business. A few minutes of your time to discuss this modern communication system may mean many dollars saved for your company. Simply reach for your telephone, tell the operator to connect you with the Business Office and ask to have a representative drop in to see you.

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permits any subscriber to it to be connected at any time directly to any other subscriber to the service, whether he be 300 feet away or 3000 miles across the continent. Both subscribers may typewrite back and forth, making inquiry and reply possible on the same connection.

PRIVATE LINE TELETYPEWRITER SERVICE

is used to connect continuously any desired number of points throughout the business day or for periods ranging from one to twenty-four hours. Both services provide speedy, accurate, two-way typewritten communication.



AN ANNOUNCEMENT OF IMPORTANCE TO BUSINESS MEN

by the Alexander Hamilton Institute



Beginning immediately, the Alexander Hamilton Institute announces special shorter training designed to bring men immediate help in today's business problems, at little more than half the cost of the regular Institute Course.

WITH increasing frequency during the last two years we have been receiving letters from business men reading something like this:

"I realize that your Modern Business Course and Service is the way out of my difficulties. I guess that after all there is no substitute for sound training in business fundamentals. But right now I simply cannot afford either the money or the time.

"A drowning man doesn't call for swimming lessons—he wants a life preserver. I'm not quite in that situation, but my progress seems to have completely stopped. Can't you offer me a 'life preserver' in the form of quick help in my particular line of business and let me take the 'swimming lessons' later?"

Realizing from such letters that many executives, junior executives, department heads and younger men are not in a position today to invest the time and the money necessary to complete the Institute's famous standard training, the Board of Directors of the Institute has decided to make Institute training available in a shorter form to all these men immediately.

What are the facts about this new, shorter training? Here they are:

1. WHAT TYPE OF MAN IS IT FOR? It is for any ambitious business man who is dissatisfied with his present progress, who wants a greater feeling of security both as to holding his present job and as to his financial future. It is for men who want to earn financial independence for themselves *in spite* of business conditions.

2. WHAT SUBJECTS DOES IT COVER? It covers the subjects that

are closest to your own daily work. You tell us which of the three main departments of business you are interested in—finance, marketing or production. Your Course is confined to that subject—in other words, to your immediate needs. And in addition, you receive the Institute's famous Business Conditions Service—one of the most widely quoted services in the world—to keep you up to date on current happenings which affect your business life.

3. IS IT AUTHORITATIVE, PRACTICAL? The Institute's standards never have been and never will be relaxed. That its training is both sound and practical is proved by the character of the men who make up the Institute's Advisory Council. They are: Frederick H. Hurdman, B.C.S., C.P.A., *Senior Member*, Hurdman and Cranstoun, Certified Public Accountants; Dexter S. Kimball, A.B., M.E., LL.D., *Dean*, College of Engineering, Cornell University; John T. Madden, B.C.S., M.A., C.P.A., *Dean* of N.Y.U. School of Commerce, Accounts and Finance; Percy H. Johnston, LL.D., *President*, Chemical Bank and Trust Company of New York; John Hays Hammond, D.S.C., LL.D., *Consulting Engineer*.

4. CAN I TAKE THE FULL COURSE LATER IF I WANT TO? You can. Now you only receive, and only pay for, practical help on your immediate problems. Later you can fill in your knowledge of other departments of business at your convenience.

5. WHAT DOES IT COST? Both in time and in money, your Finance, Marketing or Production Management Course involves only a little more than half the cost of the fa-

mous Modern Business Course and Service. It can be paid for while you profit by it, in convenient installments.

Why you should act now A CHALLENGE

It is a sober fact that what you do in the next ten months is more than likely to determine your success in the next ten years. American business is once more back to pioneering days. All our institutions must be rebuilt from the bottom on a basis of real stability. Everything is new; the old rules will no longer work. "Shirt-sleeve experience" isn't enough today—you must know the fundamental principles on which all business is built. If you know these, and can take part in this great rebuilding process, your future is secure. If you can't, you are sitting on a volcano.

The Institute offers to cooperate with you to the full extent of its ability. To find out all the facts about the present opportunity, you need only mail the coupon below. There is no obligation.

The way to keep on going is to keep on going. If you are sick of standing still and want to win a substantial place for yourself in the days just ahead, mail the coupon today.

ALEXANDER HAMILTON INSTITUTE
703 Astor Place, New York, N. Y.

Send me, without obligation, the facts about the new Institute training. I am especially interested in (check one):

Finance Production Marketing

Name _____

Business Position _____

Business Address _____

SPRING GLORY

Nature never loses courage. Today growing courage will also make business fruitful. Now, if ever, are the right tools needed. The great advantage of the Mimeograph is that it reduces costs, while it increases efficiency. Its remarkable ability to reproduce at high speed all kinds of letters, forms, bulletins, graphs, etc., has made it an ever-present need in a perplexing day. Write A. B. Dick Company, Chicago. Or see classified 'phone directory.

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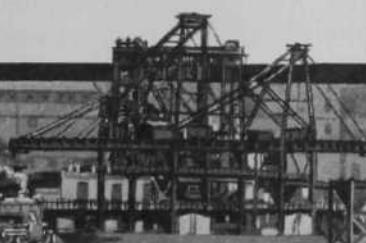
WORLD'S LARGEST WATER DEVELOPERS

FIFTY
YEARS
OF
Priceless Experience

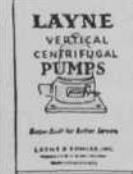


Out of Layne's 50 years in the field has come the world's most distinctive water supply organization. In it you will find hydrological experts steeped in the study of the development of subterranean water supplies. They have special engineers trained in the Layne method of well construction and operation. They have designers and engineers striving day in and day out to make Layne Pumps still more efficient and still more economical. But most important is this: Back of them—guiding their minds and hands in the manufacture of every Layne Pump and the construction of every Layne Well—are all the time-tested facts gleaned in 50 years of priceless experience. That is why Layne Well Water Systems come to you guaranteed on a basis of "Water or No Pay" to deliver the greatest volume of water at the least possible cost.

LAYNE & BOWLER, INC.
Dept. E., General Offices;
Memphis, Tennessee.



Layne & Bowler, Inc., Dept. E, Memphis, Tenn.



Send me free bulletins on Layne Pumps, Wells, Well Water Systems of special value to () industrial () municipal executives.

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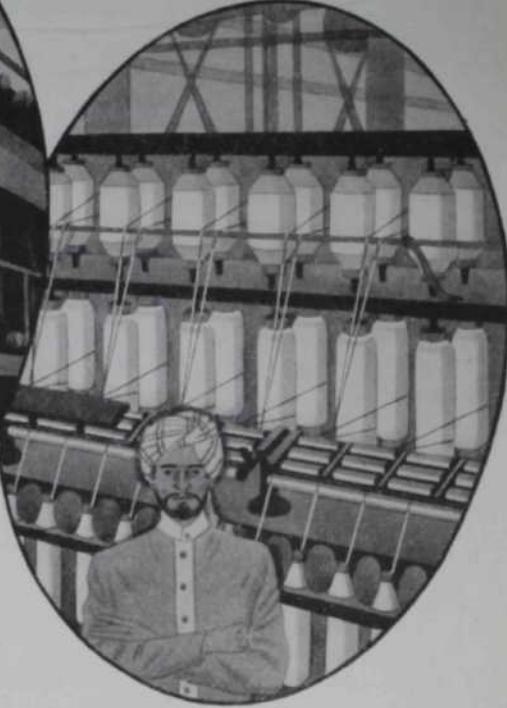
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LAYNE PUMPS AND WELL WATER SYSTEMS

OHIO..PAPER MILL
\$2400 saved here

GERMANY..COAL MINE
10,500 Marks saved here



*A symbol the whole
World knows*

MARKS, DOLLARS, RUPEES

Correct lubrication cuts costs in plants
throughout the world

"Gargoyle Lubricants lowered our annual maintenance and repair expense over 10,500 marks (about \$2500)," reports the superintendent of a German coal mine.

"Gargoyle Lubricants saved us 5500 rupees a year (about \$1500) by reducing our power and oil costs," reports the superintendent of a textile mill in India.

Lower cost-records like these, written in every language, in every currency, show why Gargoyle Lubricants predominate wherever wheels turn—why the red Gargoyle is a symbol the whole world knows.

In the United States, leading plants in every industry report substantial savings in power consumption, in maintenance and repair expense, in production losses, in oil cost. Correct lubrication insures an uninterrupted flow of production and, as hundreds of plant operating records show, often produces monetary savings

amounting to many times the total annual cost of oil.

It is true that lubrication is a minor cost item in your plant—probably less than 1% of your total costs of conversion. But records show that *the wrong kind of lubrication* can cause major plant costs to mount substantially—that *correct lubrication* results in substantial reductions in operating costs.

A Socony-Vacuum engineer will be glad to discuss this vital subject with your plant executives—to suggest means by which Gargoyle Lubricants and Socony-Vacuum engineering service can help lower today's costs in your plant.

Socony-Vacuum Corporation, 26 Broadway, New York City. Branches and distributors in principal cities throughout the world.

GARGOYLE
Lubricating
Oils

S O C O N Y - V A C U U M
C O R P O R A T I O N

MERGER OF STANDARD OIL COMPANY OF NEW YORK AND VACUUM OIL COMPANY

When writing to SOCONY-VACUUM CORPORATION please mention Nation's Business



Through the EDITOR'S SPECS

Opening closed doors

WHILE there may be but little visible evidence of renewed business activity, there certainly is plentiful evidence from a dozen quarters that men's minds were never more active.

Our mail attests this. Our official and unofficial observers at trade conventions, chemical shows and the like, report it. The Patent Office reflects it in the 68,000 new patents granted in 1932—more than in any year except one of the past five.

We know personally of at least a hundred new products that are all ready to burst forth upon the slightest indication of buying interest. Some of these are revolutionary.

Doubtless no one of them, with the exception of some new models in houses, is equal in unit value to the automobile or radio, yet, in the aggregate a dozen of them easily might equal or surpass the dollar volume of the earlier years of those industrial prodigies.

This is a ferment to be reckoned with. As usual before opening closed doors, we are unaware of what is behind them. I wonder how many readers of this magazine, who made 614 inquiries last month as to the new products described in the three-line items on the "No Business Can Escape Change" page, realized that they were evincing this national eagerness for the new, the novel?

How many of them sensed in these new things the forewarning of tomorrow's new factories, new demands for raw materials, new pay-rolls?

Closing open doors

OTHER men are thinking of these things as they watch actions taking form in other arenas of our life.

Take the thoughts they are thinking, but at the moment not expressing very audibly, about our banking system. "I



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★ ★ ★ ★ for May • 1933 ★ ★ ★ ★

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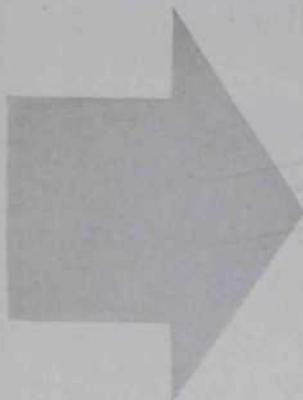


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* A MESSAGE TO MANUFACTURERS & DISTRIBUTORS OF NEW PRODUCTS

In 1908, 1913, and 1922, successive waves of new products struck the New England market . . . The time was ripe, for in each instance the market was beginning to recover from a period of depression. Only a few of these products made the grade. Others equally good, equally serviceable failed to hold on. Why?

Investigation reveals that a large number of the new products which held their grip were fostered by the companies which located branches or service bases here in the territory. Proper

location is, therefore, in most cases *essential* to the prosperity of a new product in New England.

* * *

Boston is the commercial center of New England. By locating in Boston you place yourself in position to cover all sections of the market at the lowest cost. Especially is this true if you locate on the property of the *Boston Wharf Company*, a fully developed industrial area, within a stone's throw of Boston's principal railroad terminal, yet out of the high rent area.

We invite you to send for complete information about our facilities and services, without obligation

BOSTON WHARF COMPANY



BOSTON WHARF COMPANY, 259 Summer Street, Boston, Mass.

Please mail your FREE booklet which tells how to reduce distribution costs and build up profits in New England.

Name _____ Position _____

Company and Address _____

N. B. M.-5

don't know much about the mechanics of the changes which maybe should be made in our banking system," replied one of the fifty men whose opinions we recently sought. "I do know, though, that the vital spark will be snuffed out the day we deny the young fellow with character, an idea, the urge to work, and \$500 saved from his wages, the line of credit needed to nourish a little business."

Another man, himself the head of a blue-ribbon corporation, had this to say:

We talk of adapting the banking structure to changing business needs, just as if our only task were to provide safe banking and ample credit for a score of big cities and a few dozen corporations that are doing a nation-wide business.

But what of the hundreds of towns of a few thousand population, and the 400,000-odd corporations whose stock is quoted on no exchange? Don't impede further the flow of credit which they must have to produce and sell goods, and to put back to work the people now idle. As every mason knows, a sound wall cannot be built with all big stones. You need lots of little ones to make it solid.

How our actions belie our words! We want nothing more than to set the wheels of commerce and industry turning again. Yet our every plan and scheme is for some new brake or restriction on those very wheels.

There is scant gain if we open one door behind which are industries not yet founded, and at the same time close another door through which must come the credit to finance them.

Inflation

THERE is little lure in currency inflation for George Marples of Chicago, who was on an extensive business trip through Europe in the erratic days of 1923. "One day I took lunch with our agent in Vienna," Marples recounts. "He told me that he had expected to retire on reaching the age of sixty.

"His business was a commission business and he had invested his life savings in sound bonds, but stated that the total income therefrom would not pay the cost of the lunch we then were eating.

"A few days later, the American Consul in Warsaw told me not to spoil the droshky cab drivers by giving them more than 250,000 marks for a ride.

"It is interesting to note now that those countries which went through the extreme inflation in 1923—France, Germany, Italy, Belgium, Austria, Czechoslovakia and Poland—are all clinging desperately to the gold standard."

Poor Council

CINCINNATI councilmen, says the Associated Press, faced an all-night session to reenact every ordinance passed since 1927, following decision of the Ohio Supreme Court that they were invalid because publication in the *City Bulletin*, municipal news sheet, did not constitute notice in "a newspaper of general circulation."

Imagine a city getting rid of hundreds of

**John E. Ackerman, President, Arrow Carrier Corporation, Paterson, N. J.,
witnessing the Goodyear Supertwist Test.**



"Now I know WHY Goodyear Truck Tires cost least per mile"

HE KNOWS tires—this John Ackerman. His company's 117 aluminum-bodied armored trucks are on the go night and day, speeding silk from mills in Pennsylvania and New Jersey to New York City.

"Tires?" he says. "We've tried them all, and kept cost sheets. Today every wheel on the fleet is running on Goodyears. The reason simply is that Goodyears get through without delays and cost less per mile to operate."

Do you know why Goodyear Balloon Truck Tires turn in most mileage at lowest cost? One reason is the hard-biting, non-slip center traction of the Goodyear Tread. You can see the tread. But what's the *cord body* made of? You can't see that. But you can see, as Mr. Ackerman did, the convincing test that shows your eyes the difference between Goodyear Tires and others.

Patented Supertwist Cord, used in all Goodyear Tires, and regular cord, used in ordinary tires, are stretched equally, side by side, in the little machine (see the picture). Stretch—relax—stretch—again and again.

Watch! The ordinary cord *droops* when tension is released. It has no come-back. But the Goodyear Supertwist Cord pulls itself up—straightens out. It says: "I can take it! Stretch me some more!"

So turn the crank around and around, and find that the Supertwist Cord is *up to 61 per cent more elastic than the other!*

"Well!" exclaimed Mr. Ackerman. "That shows it! That's the same kind of punishment a tire gets on the road. Now I know WHY Goodyears cost least per mile on our trucks."

Exactly. And when you SEE THIS

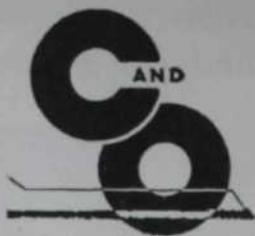
GREAT SUPERTWIST TEST, just as Mr. Ackerman did, you'll know the whole story, too. Stop experimenting with truck tires. Ask a Goodyear Truck Tire Dealer to bring the testing machine to your office or home—or see it at his store. You will never forget it. It will show you how to save money by cutting trucking costs.

NEW LOW PRICES—You may never again be able to buy Goodyear Tires at present rock-bottom prices. Have a Goodyear Dealer analyze your operations—and make your purchases now. There's a Goodyear at the new low figure for every type of truck, tractor and trailer. You pay no more for Goodyear quality.

GOOD YEAR

MORE TONS ARE HAULED ON GOODYEAR TRUCK TIRES THAN ON ANY OTHER KIND





It's Just Sound Business

to Ride the Air-Conditioned Train

Forget, if you wish, the comfort of pleasant temperatures. Discount the health value of fresh, humidified air. Ignore the satisfaction of escape from dirt and grime.

Judge a trip on The George Washington from a practical, business viewpoint. And still this genuinely air-conditioned train justifies your unhesitating preference.

It is worth money to a business man to awake, *refreshed*, from a night on a sleeping car. Complete personal comfort prepares him—makes him clear-headed, rested, alert—for the work that lies ahead. Even the freedom from dust and cinders contributes, definitely, to his general feeling of being fully "fit."

No train but The George Washington can provide these travel advantages. And genuine air-conditioning is responsible for them all. Small wonder, then, that The George Washington *continues* first in favor with traveling business men . . . whose days are full . . . and whose responsibilities are large.

THE GEORGE WASHINGTON

THE MOST WONDERFUL TRAIN IN THE WORLD

Genuinely Air-Conditioned

NO EXTRA FARE

WESTWARD
(Read down)

6:01 PM Lv. Washington
8:45 AM Ar. Cincinnati
10:50 AM Ar. Louisville
10:35 AM Ar. Indianapolis
2:50 PM Ar. Chicago
4:45 PM Ar. St. Louis

EASTWARD
(Read up)

(EST) Ar. 8:30 AM
Lv. 6:01 PM
(CST) Lv. 1:30 PM
(Big Four) Lv. 2:10 PM
Lv. 10:05 AM
Lv. 9:04 AM

CHESAPEAKE AND OHIO

When making reservations on THE GEORGE WASHINGTON please mention Nation's Business

laws by an unexpected stroke of good fortune and then lacking the wit to know when it was well off!

Papers please copy

SEATTLE'S Council President Frank J. Laube recently promised that 1933 municipal expenditures would be even less than those of 1932.

The 1932 expenditure to which he referred was \$38,000,000, as against a total of \$68,000,000 in 1931. The residents are inclined nowadays to take seriously officials' promises of economy.

Defects foretold

LISZT LENZEN, of Peru, Ill., commenting on the article, "Insuring Drivers' Responsibility," in a recent number of NATION'S BUSINESS, says:

It seems that every phase and detail of our life and activity are complicated by a law that harasses us in some way or other. Your article, "Insuring Drivers' Responsibility" explains further instances of this.

I am prompted to mention one phase of the subject that the writer of that article, being an insurance company executive, could not graciously mention. It is that all defects of the Massachusetts compulsory insurance law were foretold by insurance men.

Nevertheless, the politicians enacted it. Those seriously engaged in any business know more about it than do politicians (as distinguished from statesmen).

Resisting debts

EVERY once in so often George H. Hodges, a banker of Olathe, Kansas, former Governor, passes on something worth reading several times. His latest contribution, an editorial from the *Johnson County Democrat*, contains this shrewd size-up of one current problem:

Up in Iowa gangs of men have been organized to go to foreclosure sales to prevent the sale of property pledged as security for borrowed money. No scheme could have been devised that would hurt the honest borrower more than these plans to destroy the sacredness of a contract. The man who lends money certainly has as good a right to his own money as the man he lends it to.

Such turbulence and lawlessness . . . means that banks will be driven to lending their money to a selected list whose integrity and responsibility cannot be questioned . . .

Which reminds us that no leading editorial appearing in NATION'S BUSINESS in years has attracted the acclaim which came to last month's editorial entitled "The Mark-down of Morality."

Not quite that

CHAMBER of commerce secretaries find in us a warm solicitude for their troubles. One of the more competent men among the younger secretaries, carrying on in a bank-riddled Illinois town, writes:

A valued member advises us that "if

we are to continue operation, we must cancel our membership. Please act accordingly."

He does not quite mean that he wants us to act accordingly. What he really expects is that the work of developing this trade area will go right on, somehow, with someone else footing the bill.

Proud of the wound stripes of their depression service, chambers of commerce see new and vital functions emerging from these days when below-the-belt competition is on the increase. The time is not far distant when the framed certificate, "Member of the Chamber of Commerce, 1933," will be the upstanding firm's hallmark of right dealing.

It will be for all business houses the source of customer confidence which banks have found in the legend, "Member of the Clearing House Association."

Self-restraint

ADVERTISING copy writers are wondering what changes of their technique will be required to toe the mark of a code recently promulgated jointly by the Association of National Advertisers and the American Association of Advertising Agencies. Practices henceforward to be discountenanced include:

1. False statements and misleading exaggerations.
2. Indirect misrepresentation through distortion of details, either editorially or pictorially.
3. Misleading price claims.
4. Pseudo-scientific advertising, including claims insufficiently supported by accepted authority.
5. Testimonials which do not reflect the real choice of a competent witness.

A joint committee to enforce the code also embraces publishers' representatives. Significant to us is the part being played in the project by several younger men who have moved rapidly toward top rank in the national advertising field.

From 75% to 10%

WHAT is increased revenue for the Federal Treasury is only the shrinkage of its own income for the London Hardware Company of Johnson City, Tenn. Testifying in a letter, R. P. London, Jr., secretary-treasurer, says:

Since the new three-cent postage rate went into effect there has been a very pronounced decline in our collections by mail.

The fact that the two-cent excise tax on checks went into effect at the same time is to be noted.

Before June 21 about 75 per cent of our smaller accounts were paid promptly upon receipt of statement, and a good percentage of the larger accounts were either paid up in full or curtailed by checks through the mails. We believe we can safely estimate our mail collections today at about ten per cent.

How different is his situation, he asks, from that of other retailers since the new postage rate and check tax went into effect?

WT.

THE STORY OF JOHN Y. DELAY



1909 "I would like to go to Europe"
BUT...he got a job and didn't go.



1919 "Would like to go to Europe"
BUT...family cares prevented.



1929 "Would like to go" ... BUT...
TOO BUSY!



1933 ... TODAY "Would like to go."
Not busy BUT afraid to spend the money!



1939 "Like to go!" BUT... too busy
again!



1949 ... TOO LATE NOW!

X Pack up and GO! NOW

Everything seems to be in favor of those who are thinking of Europe this summer. We've written a booklet about it. It's *free*. Steamship rates are down. Living costs are absurdly low in many quaint European towns. The booklet gives the figures. It's Holy Year in Rome. Davis Cup matches in France. Musical festivals in honor of Wagner in Germany.

To EUROPE
and back

\$1840
tourist class on
many fine ships



TRANSATLANTIC STEAMSHIP LINES, 80 Broad St., New York, N. Y.

Gentlemen:—Will you please send me, without obligation, your free booklet "This Year of All Years."

NAME _____

ADDRESS _____

The New York Trust Company

Capital Funds \$32,500,000

TRUSTEES

MALCOLM P. ALDRICH	New York
FREDERIC W. ALLEN	Lee, Higginson & Company
ARTHUR M. ANDERSON	J. P. Morgan & Company
MORTIMER N. BUCKNER	Chairman of the Board
JAMES C. COLGATE	James B. Colgate & Company
ALFRED A. COOK	Cook, Nathan & Lehman
WILLIAM F. CUTLER	American Brake Shoe & Fdy. Co.
FRANCIS B. DAVIS, JR.	United States Rubber Company
HARRY P. DAVISON	J. P. Morgan & Company
GEORGE DOUBLEDAY	Ingersoll-Rand Company
RUSSELL H. DUNHAM	Hercules Powder Company
SAMUEL H. FISHER	Litchfield, Conn.
JOHN A. GARVER	Shearman & Sterling
ARTEMUS L. GATES	President
HARVEY D. GIBSON	Manufacturers Trust Company
CHARLES HAYDEN	Hayden, Stone & Company
F. N. HOFFSTOT	Pressed Steel Car Company
B. BREWSTER JENNINGS	Standard Oil Co. of New York
EDWARD E. LOOMIS	Lehigh Valley Railroad Co.
ROBERT A. LOVETT	Brown Brothers Harriman & Co.
HOWARD W. MAXWELL	New York
GRAYSON M.-P. MURPHY	G. M.-P. Murphy & Company
HARRY T. PETERS	New York
DEAN SAGE	Zabriskie, Sage, Gray & Todd
LOUIS STEWART, SR.	New York
VANDERBILT WEBB	Milbank, Tweed, Hope & Webb

100 BROADWAY

40th Street and Madison Avenue

57th Street and Fifth Avenue



An End to Finger-Pointing!

JUST NOW the depression state of mind presents a psychic biliousness. The tar bucket for the moment is our national emblem. Complaint is champion. Censure wears the crown. Blame is our biggest business.

Grief assumes many forms. Our present grief for a vanished prosperity has reached the stage of churlish accusation. No scutcheon remains unstained. Isolated instances of sharp practices lead a troubled people to believe that chicanery in business is the general rule.

Twenty thousand bankers are pilloried because a few of their number break the faith; three thousand gas and electric companies suffer contumely because of an outstanding example of dereliction. Perspective is thus lost, and demagogues take advantage of the situation to preach disorder, prejudice and persecution.

Happy the day when the present malady passes, when the nation realizes that fixing the blame for our troubles is a bootless task, rather a job for the courts where crime was involved, a job for economic law to punish where exuberant bad judgment was the rule. Furthermore, finding the culprit calls for a John Doe and Jane Roe warrant, for all were involved, from industrial and political leader to clerk and farmer. All took part in the orgy, all tried to profit more than the accepted six per cent. If industry's leaders were extravagant, so were the statesmen. If business and agriculture overreached themselves in a belief in the new era, it must be remembered that politics suggested the new era. Educators overextended their plant, the church failed to set an example of moderation. Let the vain contention cease.

It is progress of a sort to learn that we could not be squandered into prosperity. The lesson to be learned now is that we cannot be slandered

into recovery. Corners will be turned only when men resolve to move ahead.

The times afford an unusual privilege to witness, rather than to learn from history and textbook, the tests which rule survival. One commentator looks on 1933 as the year of the big show-down. "Those who will cave in and those who will go forward seem to be dividing themselves right before our eyes," just as an earlier generation of business men defied, or were downed by, difficulties.

What is darkness to one man is to another an inviting chance to strike a light. The gloom of 1831 did not balk the engineering enterprise of Baldwin. New ideas of farm implements, silk, saws and beverages became serviceable amid the bleak uncertainties of the early '40s because a Case, the Cheney Brothers, Disston, and Pabst turned a deaf ear to croakers and concentrated on the job they set for themselves. The panic of 1857 had a musical accompaniment because a man named Kimball decided it was a good time to make and sell pianos. John Wanamaker became a merchant prince because he had the inspired nerve to open a store during the "secession" depression. Stetson hats, Douglas shoes, and Swift packing house products all began their competitive careers on the meagre nourishment of hard times.

Rewards will likewise come to those who today have the simplicity to wonder, the ability to question, the power to generalize, and the capacity to apply. The tuition is free. The interpretation of the lesson is a test of our economic literacy.

Making faces at each other only distracts from the lesson.

Meree Thorpe

THE PUBLIC
is cordially invited
to inspect the newly re-decorated

S.S. ILE DE FRANCE



which will arrive at Pier 57,
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furniture and hangings modernized. The superb *Salon de Thé* (designed by Ruhlman, and decorated by the Ateliers Marc Simon) has been completely renewed.

- Extensive alterations have been made in the First Class living quarters. Many cabins have been enlarged. Many private baths have been added. Lighting has been improved, and telephone service installed in every stateroom. To eliminate all possibility of creaking noises in the woodwork, the panel-joints of every cabin have been padded.
- Similar improvements have been made in the Tourist Class. There is a new bar in the Smoking-

room; and a Gymnasium has been installed for the exclusive use of Tourist Class. All the staterooms have been re-decorated with new, attractive hangings.

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Business' Cards in the New Deal

By MORRIS EDWARDS of the Staff of NATION'S BUSINESS

VIF a business man had departed in mid-February for a six weeks' trip beyond reach of newspaper and radio and returned in early April, he would have found more startling changes accomplished or impending in his familiar world than Rip Van Winkle found after his 20 years' slumber.

Such a pilgrim would have had to learn of a new creature called a "conservator," with the physical form of a bank president and the mental mould of a trustee in bankruptcy. He would have had to solve the riddle of a bank being neither open nor closed, but in a hazy intermediate zone.

Those were surface changes. Neither the man who had been away nor the one who had been on the ground throughout the six weeks could be sure how much the old order had been changed, how different the new rules would be. Both, even while commanding the decisive action of the new figure at the national helm, wondered where the action would lead and what it would avail.

During those six weeks events moved with incredible swiftness. All banks closed for a time. The Government cut \$400,000,000 from its employees' pay and from benefits to ex-soldiers and their dependents, and considered giving it to the states. A half dozen major measures were transmitted to the Congress, each of which would ordinarily have called for weeks of discussion, and the Congress was urged to act at once. Even the type of the administrative advisers was changed. The business man adviser, so it appeared, had given way in part to new figures with a record of economic study and ideas to their credit.

America, it seemed, had sharply altered its governmental viewpoint toward economic matters, and had made swift strides in a new direction. In the history books of later generations that change may take on the significance of an American revolution or a civil war.

The full details of the new philosophy have not yet been disclosed. The half dozen major aspects already apparent, however, are arresting enough to leave no doubt of a convulsive change having taken place. Whether rightly or wrongly, whether for better or for worse, American business, big and little, finds itself overnight in the midst of strikingly new conditions, new definitions of its duties, new concepts of its responsibilities to society, new restrictions of its

THE rapid changes of the past two months have altered not only the business situation but the rules of business as well. Here's a chance to refresh our memories as to what has happened and consider what it means



Cartoonist Carlisle depicts the speed of recent events

opportunities, and new relationships with the Government.

Perhaps, before reviewing the rapid developments of the past few weeks, we should seek the creed which is expressed by the President who has inspired and urged these changes. Let's take it in his own words from the first chapter, "Re-appraisal of Values," in his book, "Looking Forward."

Recently a careful study was made of the concentration of business in the United States. It showed that our economic life was dominated by some 600-odd corporations who controlled two-thirds of American industry. Ten million small business men divided the other third.

More striking still, it appeared that, if the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations and run by perhaps a hundred men. Put plainly, we are steering a steady course toward economic oligarchy, if we are not there already.

Clearly all this calls for a reappraisal of values. A mere builder of more industrial plants, a creator of more railroad systems, an organizer of more corporations, is as likely to be a danger as a help. The day of the great promoter or the financial titan, to whom we granted everything if only he would build or develop, is over.

Our task now is not discovery or exploitation of natural resources or necessarily of producing more goods. It is the soberer, less dramatic business of administering resources and plants already on hand, of seeking to reestablish foreign markets for our surplus production, of meeting the problem of underconsumption, or adjusting production to consumption, of distributing wealth and products more equitably, of adapting existing economic organization to the service of the people.

What's happened to set the returned business man to staring wide-eyed at the new order? What would he find if he tried to read the accumulated news of six or eight weeks? Here are the main items:

The Bank Holiday

OF ALL the recent events, the most striking in its emergency phase, yet the least definite as a part of the permanent program, was the bank holiday. With an emergency confronting the new President, 18,000 banks were closed at a stroke of a federal pen and more than 3,000 of them did not reopen. Comprehensive and permanent banking legislation, signalled to Congress in the President's messages, seemed likely to follow the Glass Bill, with expansion of branch banking and abolition of security affiliates almost certain, and a unified national system a strong possibility. Some legislation already had passed, enlarging currency issue and authorizing federal purchase of preferred stock of banks.

Even without the text of new legislation, however, the emergency events themselves gave a picture of a change in government policy. Notwithstanding nearly 100 years of truce between the advocates of strong centralized banking and the champions of state freedom in the chartering and control of banking institutions, *all* the banks, both national and state, were dealt with alike by a federal authority in an emergency. In the moratorium itself, and in the series of federal measures by which it was relaxed, many see the shadow of a single unified national banking system, with all commercial banks members of the Federal Reserve.

Agricultural Relief

ONE OF the first hands dealt under the "new deal" was the bill, not a law when this was written, to "relieve the existing national economic emergency by increasing agricultural purchasing power." Ostensibly not a direct price-fixing measure, it had as its objective the reestablishment of "prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the pre-war period, August, 1909—July, 1914."

The bill was described by Secretary of Agriculture Wallace as giving to him the power:

1. to contract with farmers for voluntary reduction in acreage in return for lease rental payments in cash,

2. to enter into marketing agreements with producers, marketing agencies and processors of farm products,

3. to license processors and distributing agencies that handle agricultural products in interstate or foreign commerce,

4. to use the Smith cotton option contract plan, an intricate arrangement for price stabilization, on the 1933 cotton crop, and

5. to impose taxes on the processing of basic farm products, the proceeds to be distributed among producers who enter into marketing and acreage reduction contracts with the Government.

Among the basic commodities embraced in the last provision were wheat, cotton, corn, tobacco, rice, hogs, cattle, sheep, and milk products.

This measure was variously estimated to represent a tax of from \$700,000,000 to \$900,000,000 on consumers of farm products, to be turned over to the growers. Processors and distributors, whose experience taught them to fear dislocation of markets, objected to the broad licensing powers given to the Secretary of Agriculture.

That, under the new régime, the Constitution of the United States is a flexible rather than rigid instrument was indicated in Secretary Wallace's radio remark about the obstacles to finding a quick, practical way of conferring broad powers upon the Administration.

"Because of the constitutional problems," he said, "we have found this exceedingly difficult, and it was not until day before yesterday that we were satisfied. . . ."

With the new plan came announcement of the liquidation of the Federal Farm Board. Its passing went comparatively unnoticed because of the interest in the new plan.

The Securities Bill

MORE of concern to business firms seeking capital than to investment bankers providing it, and more interesting for its evidence of a new attitude toward the conduct of business operations than for its specific provisions, was the proposal for a Federal Securities Bill which is before the Congress as this is written.

Its purpose, concurred in by responsible business interests throughout the country, was to safeguard investors against fraudulent practices which, in the past, have led to losses. It proposed to punish misrepresentations, half-truths, withholding of essential facts and to prevent excessive underwriting profits and unwarranted sales commissions.

The measure as proposed to Congress differed in fundamental viewpoint, however, from past thinking on the subject as exemplified by the Martin Act in New York. Where the latter says, in effect, that all persons may go their own way so long as they refrain from committing certain specified and criminally punishable frauds, the federal bill would seem to the business man to say, in effect, that all issues of securities and the people issuing them are under suspicion until absolved by affirmative proof. Like some of the so-called state "blue sky laws"—which it is charged have aided fraud by permitting the inference that any issue approved by supervisory officials is "safe"—the federal proposal contemplates having every issue registered and minutely scrutinized before it can be offered for sale.

It is doubtful if any regulating measure ever proposed gave to a governmental agency such power over an industry as this measure would give to the Federal Trade Commission over the business of raising capital through the sale of securities. In the original form—although some of these items doubtless will be changed—the bill contained such provisions as:

1. Authority for the Federal Trade Commission to revoke registration of any security if, in its opinion, the issuer "is about to engage in fraudulent transactions."

2. The requirement that, in offering any security for sale in interstate commerce, a volume of information must be given the prospective buyer which easily might require an hour or more for transmission by telephone or thousands of words by telegraph.

3. The requirement that all officers, *directors*, trustees and managers of the firm or corporation issuing a security must sign and file under oath a statement embracing virtually every operating plan and financial fact of the business from its very beginning.

Some features of the bill encountered objection by investment bankers. The bulk of the protest came from mercantile and industrial firms, apprehensive lest such an act would cripple the market for the capital flotations necessary in the course of economic reconstruction, and the normal development of business.

\$500,000,000 Relief

THE MEASURE for unconditioned grants to the states by the Federal Government in meeting the problem of emergency relief had passed the Senate at this writing. Of the \$500,000,000 authorized for disbursement by the Reconstruction Finance Corporation, \$200,000,000 would be available on the basis of \$1 for every \$2 put up by a state. The remaining \$300,000,000 would be granted directly, without condition or provision for reimbursement.

This bill goes counter to the principle of state and local responsibility for relief, with aid perhaps by federal loans, which was pursued during the first four winters of the depression. This has been described as the nearest approach to a dole yet made by the United States. Its effect upon the state efforts, upon Community Chests and local work relief plans, and upon local political responsibility, will be a matter of keen interest in the coming months.

The Economy Bill

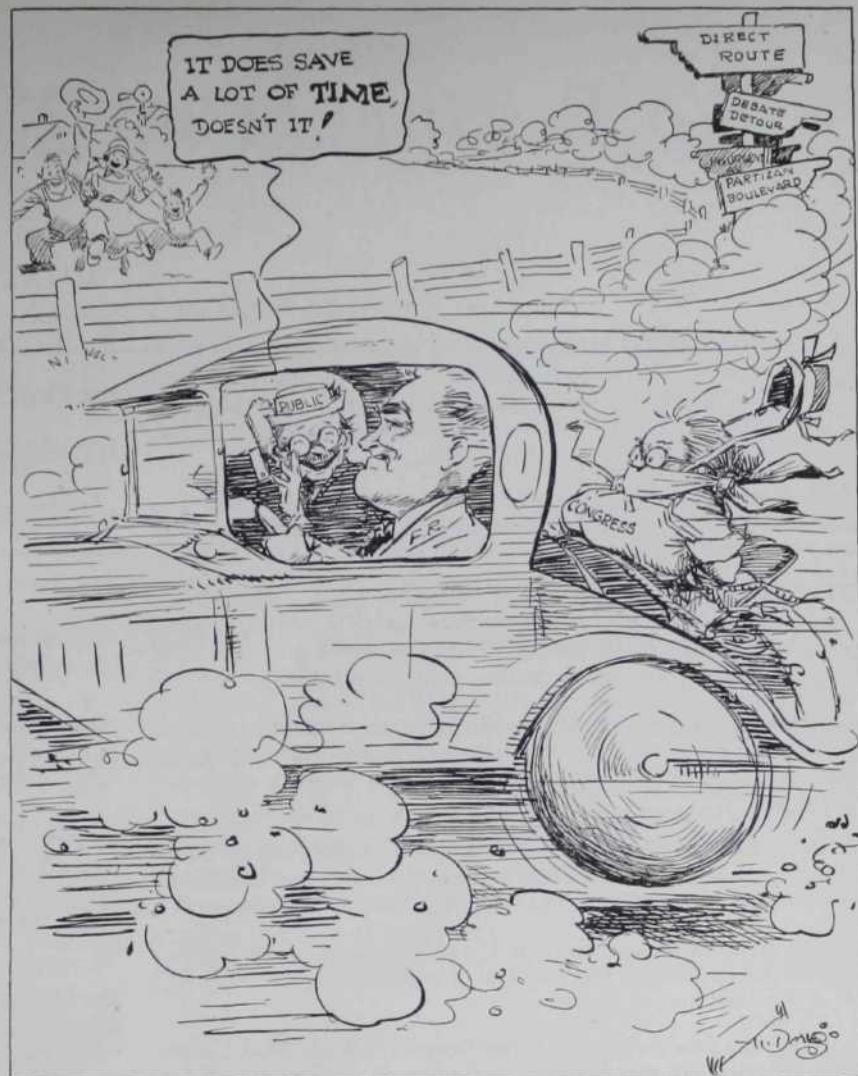
PRESIDENT ROOSEVELT took a step without precedent in American history when he sought and obtained from Congress authorization to cut federal payments to ex-soldiers, their widows and dependents, and the salaries of federal, civil and military employees, in an amount variously estimated at from \$400,000,000 to \$500,000,000. There was no apparent opposition to the measure except from those directly affected. Its political effects, its substitution of executive for legislative action, the possibilities of the precedents thus created are matters yet to be reckoned with, but it is certain that the President's courage met with universally high praise and support.

This measure was the spearhead of the President's attack to balance the federal budget for the fiscal year beginning July 1, 1933, for which earlier estimates indicated a deficiency of more than \$1,000,000,000. It represented a long jump toward fulfillment of the campaign pledge of a 25 per cent retrenchment in the Federal Government, the remaining distance to be covered, presumably, by the comprehensive reorganization plans which kept Washington rumbling with rumors throughout March and April.

Mortgage Refinancing

ANOTHER striking feature of the Administration program was the bill for refinancing farm mortgages. It was proposed to issue \$2,000,000,000 in four per cent Federal Land Bank Bonds, with interest guaranteed by the Government, to purchase mortgages, which would be refinanced to the individual mortgagor at not more than 4½ per cent interest.

The bill included numerous other provisions looking toward avoidance of farm foreclosures; aid for drainage, levee and irrigation districts; loans to take over claims of unse-



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Decisive action as pictured by Darling in the *Herald-Tribune*

cured creditors of farmers, and, in certain cases, advances to finance the repurchase of foreclosed farms.

On its face, the proposal represented a gigantic extension of federal activities in the agricultural credit field, leading to a condition in which the Government will hold half the farm mortgages of the country. Whether the measure will encourage thrifty farmers to let their mortgage interest go delinquent in order to obtain a cut in the interest rate, and whether it will keep in cultivation the marginal land already creating agricultural surpluses, were subjects of conjecture.

Similar measures for relief of home mortgagors were reported as probable. Also scheduled for early attention were the Administration's plans for dealing with railroad problems.

Other Measures

A SIGNIFICANT enactment was the beer bill, increasing the Volstead alcoholic percentage from 0.5 to 3.2.

Notable partly for their sudden achievement of preferred status were other measures—not sponsored by the Administration—to make life easier for one group or another. The Wilcox Bill, to give municipalities a debt refuge in the federal bankruptcy courts; the Black Bill, to establish a 30-hour week in manufacturing industry; the Simpson plan to guarantee farmers the cost of producing their crops—those and sundry other plans for accomplishing social ends by legislative means, became the legislative business of the day.

That was the changing world which greeted the business man's eye in early April—a world in which his whole scheme of life, his profits, his savings, his ways of doing business, his freedom of management, all were involved.

No Business Can Escape Change

✓ A new thin, flexible insulating material consists of kraft paper faced on each side with waterproofing compound and bright metal foil. It's said to insulate to the same extent as 20 to 40 inches of concrete, to be fire-retardant, wind and vermin proof. . . .

Another new building paper consists of creped paper which is asphalt-cemented to a heavy plain sheet. It's said to be especially adapted to conditioning concrete. . . .

Zinc pigments are now offered for use in loading and coating paper. Imparting opacity and brilliant white qualities, they're expected to make the use of lighter, thinner paper practical, with resultant postage savings to catalog mailers and others. . . .

An asbestos base is combined with a phenol-formaldehyde type of resin in a new, light material for use in acid-resisting equipment. It's said to be resistant to many acids, solvents and other chemicals. . . .

A new cast synthetic resin requires no seasoning, can be worked in the same fashion as wood or metal, polishes and finishes to a permanent high luster. It is available in many color effects. . . .

A new protective and decorative coating for aluminum, applied through an electrolytic method, makes possible either a plain finish or a wide range of lustrous colors. . . .

Roofing manufacturers are offered a new cellulose base for asphalt shingles and prepared roofings. Strength, long life, extreme flexibility, tighter nail grip are claimed for it. . . .

A rubber-base enamel has been developed for undersurfaces of automobile fenders, etc. It's said to offer protection against corrosive action of salt, moisture and acids. . . .

A new paint for traffic zone marking, etc., dries rapidly, is nonbleeding over asphalt. Applied to a wall after plaster patching, it's said to permit application of a final coat of wall paint within 40 minutes. . . .

Even power shovels are being dressed up nowadays. A new line of excavators is distinguished by a "stream-lined" all-steel cab, grouping of all machinery back of the center pin, other innovations in design. . . .

Convention speeches, etc., are permanently recorded by a new electrical recording machine. A company's convention proceedings can thus be recorded and reproduced later for the benefit of employees in the company's branches and agencies. . . .

Mild and low carbon steel up to eight inches thick is said to be cut accurately to drawing or template by a new flame cutter which employs oxygen and coal gas. Sharp, square-edged cuts are said to be made by the machine. . . .

A new adjustable vest-pocket gauge registers thickness measurement on a dial which is graduated in thousandths of an inch. It permits speedy measuring, gives readings unaffected by variances in the users' touch. . . .

WHATEVER the general business level, there is no halt in the march of new things to market. Be times good or evil, men push on in their restless quest of newer and better products, processes and methods

A new turbine oil is said not to deteriorate or to form sludge, is guaranteed to last as long as the turbine itself. . . .

A process for permanently shrinking washable fabrics, introduced some months ago, is now being extended from shirts to all types of washable outerwear and underwear. . . .

A new combination of materials is being used in the vici method of treating skins. It produces a new soft-surfaced leather which, used in shoes, is said to be practically scuff-proof, to require no dressing. Only rubbing is needed to preserve the polish. . . .

Buckhorn and other tall lawn weeds are mowed along with the grass by a new lawn mower. Hook-like rakes, set on the reel between the blades, draw the weeds into the cutting knife. . . .

Discarded truck tires supply raw material for a new link rubber doormat. Links are stamped out of the cotton-fabric sections and strung on copper and galvanized wire. . . .

A new line of wall-plate wiring devices permits three units—switches, outlets or pilot lights, or any triplex combination of these—to be installed in a single gang box. . . .

A new device which fits the flue collar of gas kitchen ranges passes escaping gases over a water-containing cup. The water's said to absorb dirt and other undesirable matter. . . .

Kitchen enamelware, said to be chip-proof and stainless, is being produced under a new process. The ware is described as being three times as heavy as ordinary enamelware. . . .

Brushes and dirt container of a new carpet sweeper can be removed for cleaning. Lowering the handle of this sweeper causes the brush to bear more heavily on the rug. . . .

Absence of after-odor distinguishes a new garlic sauce. Even your best friend can't tell you've used it, it's said. . . .

Another helpful new food product is non-skid spaghetti. Its corkscrew shape is said to keep it from slipping off the fork. . . .

—PAUL H. HAYWARD



Temperatures in the garage, nursery and other rooms can be read from your armchair by dialing this device

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.

What's Ahead in Washington

W. M. KIPLINGER Writes Again on the Outlook

Dear Mac:

EACH MONTH when I write you about what's ahead in Washington, I think to myself that this will be the last, because the difficulty of foreseeing clearly increases from month to month, and I've made some mistakes in the past, and I don't want to mislead you, and I feel like quitting the job, but you won't let me, so here goes.

New Thinking

WE just must get it into our heads as rapidly as possible that a new order of things lies ahead, and that we may no longer think in the old terms. This is not due merely to a change of political administrations. It is due mainly to changing economic circumstances.

The old order of things has broken down. Up until recently there might have been a reasonable doubt of this, but surely it is now evident.

The new order is not clearly chartable, but the cardinal point seems to be that government is stepping in to do in an arbitrary way what private enterprise heretofore has been expected to do in a "natural" way. This refers to many things, but mainly to the making of business activity, on which jobs and income and social welfare depend. Call this state socialism if you wish, but it seems better merely to recognize the course of events for what they are, and to recognize the reasons for the new course, and not to make any particular effort to *label* the development. We are moving toward state socialism not because many of us are sentimentally interested in promoting socialism, but merely because it is dictated by force of circumstances as the only way out of the depression.

The old order of relationship between government and business was largely regulatory. Government saw to it that business did not do certain things which were contrary to public interest. It was a negative relationship.

The new order will be somewhat different. Government will not merely act as a policeman to restrain certain acts. It will *force* business positively to do things.

Private business will continue to be our economic mainstay. Government will not do much of the business itself, except in certain exceptional cases, such as Muscle Shoals, and these are testing grounds.

In the realm of credit and capital, it is obvious that the Government will do an increasing share of our banking business. It is already doing so, and the tendency is bound to increase during the next year or two.

This means that government bonds will occupy a larger portion of the investment picture, and that private investments will occupy a smaller portion of the picture.

It is the same capital, it belongs to individuals, but the routing is different. The routing is through government channels.

You, as a business man, will continue to show initiative and enterprise, but you will not have quite the same degree of individual freedom as in the past. You will be compelled to play ball more closely with others in your line.

You will have to make your trade association a real working body.

You will be compelled to share your wealth with others to an increasing extent.

Taxation policies will be one method of accomplishing this, and taxation is certain to be progressively heavier in the next few years, despite all the pressure for governmental economy (a good corrective).

Business in the future will acquire more and more of what is often called the "service motive." Even during the past three or four years there has been a great advance in this general direction.

Business leaders aren't everything they should be, but they have become far more social-minded than seemed probable before the depression hit us.

The new idea, rapidly growing, is something like this: It is social, or economic or hereditary *accident* which makes some of us materially successful, and others of us materially unsuccessful.

So those of us who have good luck must carry more of the burdens of those of us who have bad luck. The whole course of governmental policy is in the direction of materializing this conception.

There's nothing new in these comments. I make them merely because I find so many business men have not yet realized that they must shift their thinking into a new pattern.

The practical reason for getting in tune with the new order of things lies in the probability that business men who do it are likely to get along better, perhaps even to make more money, than if they continue to try to act by the old rules.

Confusion

THERE is a good deal of confusion in Washington these days. It is a confusion of ideas. News is often conflicting. But you must remember that the Government is trying to do within

in a few months things which ordinarily it would take years to do.

Some of the action may turn out to be good and some may turn out to be bad, but at least it is action, and the American people have always thrived on action.

Roosevelt

OF COURSE, you are still wondering what sort of man Mr. Roosevelt is. You read all sorts of fancy yarns about him, mostly *pro*. The current mode is to be enthusiastically *pro*.

At the risk of your considering me slow, I'm going to admit that I haven't got him doped out, and I don't expect to get him doped out for six months yet. I voted for him, without enthusiasm, merely because I am a Democrat. I was *not* all steamed up about him.

It is fairly obvious that he is a better man than most of us thought. This is almost a matter of fact, rather than merely a matter of opinion. It looks as if he were not just a *yes man*. It looks as if he knew his mind and had nerve.

The disconcerting thing about him is that he has such a pleasant exterior. He likes people, and people like him. He'd rather play than work. He plays with his work. He laughs and jokes and makes slang about it. He doesn't try to be

dignified about it. He doesn't seem to think of himself as a man of destiny or a man of history. *He just has a job.*

The man is alluring. You've got to smile with him, not at him. You've just got to be *for* him; you can't *help* it.

Rocks Ahead

Within the past week I've talked intimately and confidentially to a score or more leading Democratic members of Congress—Senators and Representatives. With three exceptions, they grumbled about the "high-handed methods" at the other end of the Avenue. They grumbled about how the farm relief bill was being cracked through. They grumbled about the Rooseveltian brain trust, and how it had Mr. Roosevelt "insulated." Etc.

My theory is that by the latter part of May the political honeymoon will be over. Mr. Roosevelt then will begin to fight. His fight will be with his own fellow Democrats in Congress. His tactics will be to jump onto the radio and appeal to the citizens-at-large to support him and his ideas.

It is almost mathematically certain that popular radio tactics will win, and that Congress will be browbeaten into line. There will be compromise, but the compromise will be more on the side of Legislative deference to the Executive than on the side of Executive deference to the Legislative (as was the case during the latter half of the Hoover administration).

Dictatorship

IN great crises, nations exalt the Executive. People think that a firm policy, right or wrong, is better than divided counsels with no policy. Hence "dictatorship." Some of us close-range professional observers are frankly amazed at the extent to which so-called dictatorship has already gone. Three months ago we wouldn't have believed it possible.

There's this to be said about the various Rooseveltian dictatorships: The man Roosevelt, and his various Cabinet members, don't yearn for power for power's sake. They sigh and shrug their shoulders even as they accept it. This is a good sign. It minimizes the danger.

Bit by bit, step by step during the next year, however, you may expect extension of executive control in Government, otherwise known as dictatorship. A series of recurring crises will require it. Three months ago most of us hoped the crises could be avoided. Now we know otherwise.

Dictatorship in Localities

ships. Busting municipal credit will require it.

Roosevelt Opportunism

hits the *holes* instead of the *line*. He'd rather get somewhere than be a thwarted hero. This is the *art* of politics, and he is a politician.

Is Roosevelt Socialistic?

he believes this is practically desirable.

More government control over business? Yes, he believes this is required in the interest of both the general public and the special interests of business (wherever the line is).

Political power ascendant over commercial power? Yes, he

thinks the *laissez-faire* policy has largely failed, and that the political power of Government must now step in and supply the leadership or dictatorship. He wishes, perhaps, that it were otherwise.

Private initiative? Oh yes, he believes in the maintenance of as much of this as is feasible. He doesn't believe that government should supply the initiative, or the motive force, except in emergencies such as the present. He thinks the main reliance in the future will be on private initiative, but a *curbed* and *regulated* private initiative. He thinks that private cupidity must be checked, and that Government must do the checking.

These observations are drawn from scores of private conversations of Mr. Roosevelt with his close advisers and with his day-to-day callers, as reported to me second-hand.

Patronage

ONE of the arts of politics is in the management of patronage, or the dispensing of political jobs. It is dangerous, for there are ten seekers for every job, and the grumbling of the nine who fail is always greater than the fair words of the one who gets the job. Promise of patronage has helped to keep Congress in line to date. By midsummer you will hear the complaints of the disappointed. Merely remember that politically it is to be expected. Don't make too much of it. Appraise it for what it is, not necessarily as *popular* reaction from the new President.

Inflation

THE inevitability of some sort of inflation, or else the equivalent in the form of government-directed, government-forced business activity, became evident in the second week of April. The pressure for thorough-going or drastic inflation became intense at that time. The Administration was cool, held off, indicated that it would take its time about such a momentous policy decision.

If I were free to tell you of the circumstances of conferences, you would realize how dramatic the situations were.

There are still many "ifs" and "ands" in the inflation outlook. But it is possible to overleap many of these, and to conclude that our governmental policy is headed toward a series of acts which will (1) raise commodity prices; (2) increase employment.

It isn't merely higher commodity prices which are required. It is business activity, business volume. Higher prices merely go along. Higher prices are required mainly because of the relation between prices and debts.

Debts are to be adjusted downward during the next few months—many kinds of debts—but meanwhile commodity prices are to be raised, if possible, to come within kissing distance of the debts. Deflation is to continue, but is to be partially neutralized by inflation. The hope is that neither will be drastic.

Future

IF YOU will allow me a bit of latitude to set down suggestive ideas of what may be expected in the future, without requiring me to prove the prognostications by an array of incontrovertible points, I shall suggest the following:

Commodity prices. They will rise slowly and irregularly during the next six months, due to some inflation and to some threats of inflation.

Inflation. This at first will be the brand of budgetary inflation. This implies the expansion of government credit to do the work formerly done by private credit. Large increase of government debts. Government bond market supported by the fact that government bonds can be used as the basis for new currency issue, under the emergency banking act of March 9.

Forced work. Government surely is headed toward policy

of making jobs, through public works, through loans of federal credit to states and municipalities for local public works, through loans or gifts to private enterprises which will undertake operations to increase business activity and employment.

Silver. Some expansion of currency based upon silver. Some international agreement. Some substantial price rise of silver.

Dollar devaluation. Surely this will be put off, regarded as a last resort. It may come, but it seems to be on the very distant horizon.

Deflation. Writing down of debts, of assets, of all sorts of capital holdings—this will continue for a few months. The tide of upward inflation can't be fast enough to overtake the continuing tide of downward deflation for a while.

Tariff. We are about to make some holes in nationalistic tariff barriers, by the process of reciprocal agreements. But the process will be slow and tedious. We must expect a continuation of nationalistic sentiment for the next year. By that time we shall be so sick of nationalism, and of the ineffectiveness of it, that we shall have a good purging, and thereafter we shall get better.

One domestic purpose in reciprocal tariff agreements is to show us within the United States that specific examples of lower duties give us tangible benefits.

War. This is closer, of course, than at any time since 1913-14. Germany is again the danger center. Japan and the Orient are second.

Gold standard. It is to be modified, the world over. The pure gold standard probably never will return. Gold coin will never again circulate freely within the country. The tendency will be toward managed currencies, with abandonment of gold standard, gradual over the next generation.

"Confidence." This is a sentimental term. Newspapers talk vaguely about it.

There's no way of getting confidence back except by curing the fundamental defects in our economic and political systems, the defects which were responsible for collapse of confidence. There's more confidence just now in government than in business.

Banks. We must make banks do commercial banking business, and divorce these functions from other functions.

Deposit guaranty. As a practical matter, we must assure the depositors that their banks will pay them. This will be one means of luring state banks into a single unified national system, which is essential. The reason it is essential is that money means checks, and checks depend on some single standard of banking.

Bank supervision. It isn't telling anything secret to say that governmental supervision of banks in the past has been quite largely a myth. In the future it must be *real*.

Life insurance. Holders of policies are creditors. All creditors must take a loss. For policy owners this loss will be in the form of lower dividends, and higher policy payments in the next few years. But the life insurance system will not fall. It is stronger than any other financial institution.

Antitrust. Rapidly we shall change our ideas. We shall lose fear of monopolies. We shall shift toward thinking in terms of the beneficial aspects of combinations and monopolies, but we shall make them subject to governmental supervision and regulation.

Labor. Shorter hours of labor are imminent. Within the year we shall discover that we can work harder while we work, and pay more per hour, and still cut unit production costs, and increase mass consumption and mass prosperity.

I know a dozen reasons why this will come to pass, and another dozen reasons why it involves dangers, but the positive reasons far outweigh the negative. Within the year we shall be amazed at our stupidity in not recognizing it earlier.

Living standards. They will be lower for a year or two. Then they will be higher. For the long pull of a decade, average living standards are bound to increase.

Business profits. For the next decade business profits will

be distinctly moderate in most lines. If there are spurts in some lines, taxation policies will take away the excess. Taxation policies will be used increasingly more as a social instrumentality for distributing wealth.

Banking profits surely will be reduced, as there is a growth of the idea of the socialization of credit and the mutualization of banking.

Farms. It looks as if American farms would continue to produce less for export and proportionately more for domestic consumption. It looks as if farming were not among the profitable occupations of the next generation. But socially we need farms to produce the human live stock which embodies the character which will run our national affairs a generation hence. Consequently farms and farming will be nurtured. They represent our best "special interest."

Economic planning. We are headed toward it. It is coming more rapidly than most of us realize. Each industry must begin to get ready to organize for it. The farm relief bill signifies planning for agriculture. The antitrust proposals, about to break, signify planning for each industry. The next step will be the relation of one industry to another, and each to all.

Taxes. They will increase, not decrease. Federal, state and local governments are on the point of doing things which formerly were left to private initiative.

Construction. It will increase, for many reasons, no space to detail. Construction, more than agriculture, will lead us out of the depression.

High finance. It is a thing of the past. The emphasis hereafter will be on operations, on operating profits, not on combinations, mergers, holding companies.

Securities regulation. The Government will squeeze the fraud out of this business of securities issuance. Many issuers lost their moral sense some years ago. Many of them haven't recovered it yet. They defrauded us by corporate processes which, if reduced to personal terms, would be patently and plainly crooked. We, through our Government, will see to it that the crooked business is not resumed.

Foreign trade. I should think our foreign trade would continue low for several years, perhaps not as low as at present, but certainly not getting back to the levels of a few years ago. Progress will be made within the year on the breaking down of national trade barriers, but it would take a miracle to break them down sufficiently to restore our foreign trade to "normal" proportions.

Furthermore, remember that our foreign trade in the past ten years has been built largely upon our foreign loans. We, the American investors in foreign bonds, practically paid for much of the American goods which were exported. Resumption of foreign loans on any large scale cannot come for a number of years yet. Even regulation of securities will not create confidence in foreign issues for a long time.

Unemployment. We shall have much of this for the next five or ten years, and must regard it as normal, due to shifts in employment and technological developments. As a practical proposition we must drain off the young and the old from wage employment, leaving the work for the more efficient middle ages. Gradually, also, we may swing away from women in industry.

Pioneers. There isn't anything wrong with us Americans except that we have gotten along too well too fast. We've been given things, and we got it into our heads that we earned them. Perhaps we did, but the earning is not yet finished.

Never were we in a pioneer age more than today. You will tell your grandchildren about the hardships, the social and economic crudities which prevailed before the great reformation of 1932-40.

Yours very truly,

W. M. Thompson

New Tools

EVERY company faces a continual fight to keep its plant and product up to date. That fight is easier than it once was thanks to tools that have recently been developed and already successfully employed.



S. K. F. INDUSTRIES, INC.
Roller bearings in this cement mill
are cutting costs and obsolescence

★ ONE of the most destructive fallacies of business is the belief that a name, a product, a sales volume or a service can be made proof against progress. No idea is more refuted by experience.

The structure that men build for their factory or business, as a great merchant has pointed out, begins to decay the minute the creative hand is withdrawn. Its steel and concrete are assailed night and day by sun and rain, by wind and frost. Its stresses are never relieved. If deprived of the care that men alone can give, everything will be undone. Deterioration and decay will accelerate until the building is a heap of ruins.

No business or business system is unassailable. The only security is the will to make time the diligent servant of progress.

More and more, the business community is discovering that delay in fighting obsolescence is the cause of many a mercantile fatality.

In Chicago, in a competitive field, a plant went to the wall. The story is told by the Cutler-Hammer Company, specialists in motor controls. The plant couldn't operate on today's margins. Competitors bought its \$5,000 machines for \$200. Called them bargains. Only two competing companies—both rated as leaders—declined to buy any of the equipment. Asked why, each said, "Those machines—not the management—caused that failure. Though in good condition, they can't stand the pace set by our newer equipment."



A modern tool crib in the Norton Company factory where equipment is constantly watched and new designs adopted

To survive today a company must be adaptable to today's requirements. This can't be done with old equipment that drags on operation, brings high maintenance costs and disrupts production while repairs are made. Such costs loom largest when margins are small.

A machine is obsolete when it will no longer pay dividends. That's cold dollar and cents logic as the SKF Industries make the case, open to relatively few exceptions. When the manufacturer with antiquated machines cannot meet cost figures, when production schedules fall down and inspection limits do not hold, it's time to replace.

Today, more than at any other time in industrial history,

for the War Against Decay

By RAYMOND WILLOUGHBY of the Staff of NATION'S BUSINESS

it is important to cut costs and eliminate waste. Today, more than at any other time, it is essential that business should know whether its equipment is adequate and modern.

The manufacturer who only gambles on what his competition will do is always on the anxious seat. The best way business can eliminate competition is to put itself beyond it. Not easy, but many manufacturers have solved the problem through the help of Special Production Machines, this company reports.

Among others, there is the Connecticut manufacturer of textile equipment whose competitor had developed a machine to replace hand labor. With his business rapidly declining, he sought help from Special Production Machines.

Modern equipment is necessary

"IN a short time," the company says, "we designed and built a machine that enabled him to manufacture a better product at greater speed and at less cost than his competition. The machine, the process and its patents are exclusively his, and with it all he regained leadership in his field."

A typical example of how operating costs can be reduced by plant modernization is provided by the experience of a creamery in Detroit. In 1931 the creamery faced the problem of declining retail prices and a reduced volume of business. It had been in business many years, had a good reputation, a good location, and a better than average class of customers. In spite of this, profit was diminishing.

Engineers of the Armstrong Cork & Insulation Company

were called in. They found that the old refrigerator was only about 60 per cent efficient and that the price of a new one was 42 per cent below the average cost for the previous ten years. The head of the creamery consulted manufacturers of other dairy equipment. He found that a worth while saving could be made by replacing all of his old facilities with modern equipment. So, in 1932, although the dairy industry was at low ebb, a complete program of remodeling and enlargement was begun. Several months operation of the new equipment has shown that the investment of \$40,000 will reduce the yearly operating expense of \$100,000 by about \$15,000.

Modernization is not necessarily an "open sesame" to increased profits, but experience everywhere indicates that the right kind of modernization reduces costs and increases profits. Such modernization frequently permits the use of methods and materials previously considered unavailable and obtains a flexibility in manufacture previously believed impracticable. The achievements properly credited to the right kind of modernization make it a subject worthy of the careful thought and consideration of all executives.

Here are some examples provided by the General Electric Company:

A modernization survey in the plant of the Alpha Brush Company of Troy, N. Y., showed that, by installing electric drives, power costs could be reduced 67 per cent. New motors and control were installed at a cost of \$3,000. Power was purchased from the New York Power and Light Corporation. The result: savings of \$1,500 annually on power costs



"Paint pays," says a chief engineer, "in cold cash." Not only does it combat rust and dirt, its advantages show up in the safety records, in plant illumination and working conditions

NEW JERSEY ZINC COMPANY

alone, valuable floor space regained, and production capacity increased.

The North Carolina Finishing Company replaced its old power equipment with a turbine to provide power and process steam. Julian Robertson, general manager, says:

"The installation cost \$19,200, including engineering. Under present operating conditions, the saving is at the rate of \$13,500 a year. In figuring this saving, we have included the cost of labor for operating the turbine and a generous allowance for depreciation of the equipment."

Result: Seventy per cent return on the investment; the new equipment paid for in less than two years.

Savings in line-shaft drives

THE Warren Lamb Lumber Company of Rapid City, S. D., found that every day \$60 worth of salable scrap lumber was being burned to supply steam for its main line-shaft drives. At a cost of \$10,000, unit motor drives were installed and power was purchased from the local utility. The result: Annual savings of \$9,000; ninety per cent annual return on the investment; more logs sawed in the same time; fewer delays; and the new equipment paid for in 14 months.

After electrically modernizing his entire plant, Fred M. Foster, vice president of Foster Yarn, Inc., of Trenton, N. J., writes:

"Our plant is so much more flexible, so much better adapted to the changing and exacting conditions of 1932, that we can now accept small rush orders with assurance of profit—a condition impossible with our old drive. Our only regret is that we did not make the change years earlier."

Results: power costs reduced \$2,597 annually, maintenance expenses materially lowered, and profits more certain.

"Get factory costs down—and get them down now," warns the Reeves Pulley Company in advertising that its ability to reduce production costs is being demonstrated in thousands of transmission installations in diversified industries.

A plant in Chicago producing insulating materials installed a variable speed transmission for regulating the speed of feeders, and reduced waste to such an extent that the saving in the first three weeks paid for the installation. At a metal working plant in Indianapolis, a transmission installed to give complete speed flexibility in operating a multiple drill press doubled the production of this

press and widened the work range, actually saving the purchase of a new press.

In a paper bag plant in Cleveland, the Reeves, operating in conjunction with a special automatic control, eliminated the necessity of one operator and maintained an absolutely uniform length of paper bags, stopping waste of material and labor.

The superintendent of a book bindery in Detroit reports that the installation of the Reeves Transmission for driving an embossing machine paid for itself at least three times in the first 30 days.

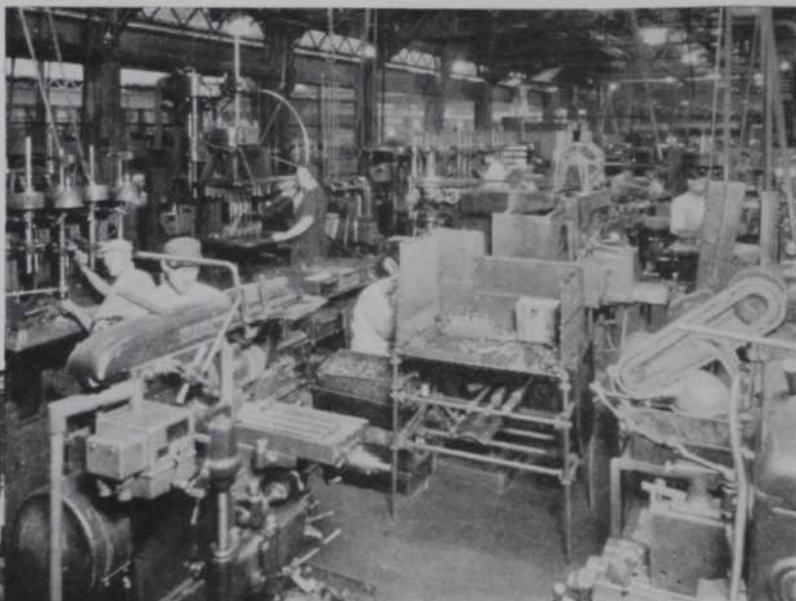
The Blaw-Knox Company has made numerous sales in which modernization was the decisive motive. One of its products, a dust collector, has been installed in several plants as part of a process of more economical handling of materials. One of the advantages of this collector is that it saves fine materials which otherwise could not be recovered. This company has also specialized in new designs of rolling machinery for sheet mills to cut the cost of operation.

Open hearth furnaces have been modernized with new equipment so that production could be made at costs commensurate with costs obtained by other modern plants. With the same purpose in view, special heat resisting alloy steels have been produced for conveyors used at sheet mill furnaces. To handle cement more economically in concrete construction, "Blaw-Knox bulk cement plants" have been designed and marketed. And "gas cleaners" for removing dirt from both manufactured and natural gas have been developed and installed as a modernizing factor.

The story of the modernization of the Lyon & Greenleaf flour mill, Ligonier, Ind., with Dodge roller bearing equipment, is told by Gordon Warstler, superintendent:

"After considering the probable economies, we concluded

(Continued on page 46)



WESTINGHOUSE ELECTRIC

Modernization in this machine shop eliminated overhead belts, combined like machines and permitted production control



The Facts About the Coals Case

By PAUL McCREA of the Staff of NATION'S BUSINESS

THE U. S. Supreme Court's reversal of the lower court in the Appalachian Coals case is either a Magna Charta or a "Will-o'-the-Wisp." Students of the Sherman Act hold both views. Here is why

★ WHEN the United States Supreme Court, with Justice McReynolds alone dissenting, reversed the lower court in the Appalachian Coals case, Chief Justice Hughes, who wrote the Court's opinion, became one of the country's most widely read authors. The decision was an immediate best seller as trade association men, attorneys and unaffiliated business men scrambled for copies to determine just what this new interpretation of the Sherman Act actually did.

There is little unity of opinion on this point. Some have hailed the decision as a boon to business ranking in importance with "the rule of reason." They see it as a long step in the return to the original intention of the Sherman Act which was to prevent monopoly and extortion and not to paralyze industry.

Others caution that there is less here than meets the eye, or, as one shrewd commentator put it:

"The decision is much more limited than the opinion."

What the decision actually does is approve the agreement of 137 producers of bituminous coal in the Appalachian territory to market their product through a joint selling agency to be known as Appalachian Coals, Inc.¹ To avoid monopoly, the plan provided that not more than 80 per cent of the production of the region should be admitted to the agreement. About 75 per cent is now represented.

The avowed purpose of the agreement was to increase sales and production of Appalachian coals through better methods of distribution, intensive



The fact that some sizes of coal sell better than others played a part in the high court decision

advertising and research; to achieve marketing economies and eliminate abnormal, deceptive and destructive trade practices. No attempt to limit production was intended. The agency agreed to sell all coal at the best prices obtainable or, if unable to sell the entire production, to apportion orders upon a stated basis. The agency has not yet begun to operate.

Injunction refused

THE Department of Justice brought suit to enjoin the agency as a combination in restraint of interstate commerce in bituminous coal and an attempted monopolization of part of that commerce in violation of Sections I and II of the Sherman Antitrust Act. The District Court of West Virginia granted the injunction. The coal men appealed to the U. S. Supreme Court which held that the Government had failed to show adequate grounds for an injunction and ordered the bill of complaint dismissed.

¹The reasons for the formation of Appalachian Coals, Inc., and an extensive history of the case are given in an article which appeared in NATION'S BUSINESS of November, 1932.

The point at issue was the effect of setting up an exclusive selling agency. The Government contended that this eliminated competition among the producers and gave the selling agency power substantially to affect production and even affect and control the price of bituminous coal in many interstate markets. The District Court found that "this elimination of competition and concerted action will affect market conditions and have a tendency to stabilize prices and to raise prices to a higher level than would prevail under conditions of free competition." It added, however, this significant fact:

"The selling agency will not have monopoly control of any market or the power to fix monopoly prices."

The Supreme Court, however, refused to presume that the arrangement would result in control and restraint upon production. It examined at length the economic conditions within the industry and found that for years they had been

"deplorable."

It considered the rapid expansion of production facilities under stimulus of the World War until today the capacity is 700,000,000 tons and demand less than 500,000,000. It considered the decrease in consumption of coal due to loss of markets to oil, gas and water power as well as increased efficiency in the use of coal. It found that these conditions had resulted in evil practices including the dumping of "distress" coal—accumulated coal of sizes not in immediate demand—and "pyramiding." It concluded that there were enough operators outside the agreement but within the Appalachian territory to prevent monopoly and elimination of competition within that territory; and that, in markets outside the territory, the defendants would exert no injurious effect upon competitive conditions because of the quantity of coal available, the ease with which new mines could be opened and the transportation facilities available. These conditions, the Court

An Authority's View of the Decision

By JOSEPH E. DAVIES

Former Chairman, Federal Trade Commission

 THE outstanding facts in connection with the Appalachian Coals decision from my point of view are these:

It was significant that the Department of Justice should have instituted a suit in equity against a mere paper plan. That is an innovation. If it may be taken as a precedent it encourages the hope for possible advice in advance to business, which would be a most constructive development. For many years the Department's policy was to refuse to approve or disapprove plans submitted, preferring to await the results which the projection of the plan would demonstrate. In fact, one of the reasons assigned for this refusal to give advice in advance was that it would be impossible to forecast with any certainty that the actual performance of the plan would be consistent with the proposals assured by sponsors of the plan.

Another significant fact lies in this situation:

The Supreme Court refuses to presume that the plan would work unlawfully and referred the case back to the United States District Court. In effect, this places the policing of the future operations of the plan under the jurisdiction of the Department of Justice.

Again, I had always supposed that a contract between independent competing units to fix prices, or a contract, the necessary effect of which was to enhance prices, was in and of itself a violation of the Sherman Act because the sole purpose of the contract was to accomplish an unlawful end. This principle, I had assumed, did not apply to a corporate combination where the effect upon price was incidental and not

the primary purpose and increased efficiency, reduction of costs and similar advantages could be urged as justification.

The decision in this case, however, holds clearly that a combination by agreement, the necessary result of which is to enhance the prices of the parties to the agreement, is not necessarily in violation of law.

The Court expressly states that, if a corporate combination or merger could lawfully have been formed to take over the properties and businesses of all of the companies, then an agreement between the parties which would have the same effect is lawful. The Court places the same limitation on the agreement between competing units, apparently, that it would place on corporate combinations—that it shall not have the power absolutely to fix the prices in any market—though the Court recognizes that the necessary result of such an agreement would be to enhance the prices to some extent of the parties to the agreement.

The Court determined the case upon the issue primarily that potential competition existed both in the local region and outside of the region which would prevent the absolute control of price by the agreement of competing concerns.

All in all, the decision marks a distinct advance in the evolution of the relationship between government and business. It should afford relief to many industries where careful judgment is applied in the analysis of conditions to be assured that they are comparable with the conditions set forth in this case upon which the Supreme Court has ruled.

said, "would not justify any attempt unduly to restrain competition or to monopolize but the existing situation prompted defendants to make and the statute did not preclude them from making an honest effort to remove abuses, to make competition fairer and thus to promote the essential interests of commerce."

Emphasizing that "a proper purpose will not of itself make legal an agency if the actual result is unreasonably to monopolize trade or limit competition," the opinion goes on:

The fact that correction of abuses may tend to stabilize a business or to produce fair price levels, does not mean that the abuses should go uncorrected or that endeavor to correct them necessarily constitutes an unreasonable restraint of trade. . . . The contention is, and the court below found, that while defendants could not fix market prices, the concerted action would "affect" them, that is, that it would have a tendency to stabilize market prices and to raise them to a higher level than would

otherwise obtain. But the facts found do not establish and the evidence fails to show that any effect will be produced which, in the circumstances of this industry, will be detrimental to fair competition. A cooperative enterprise, otherwise free from objection, which carries with it no monopolistic menace, is not to be condemned as an undue restraint merely because it may effect a change in market conditions, where the change would be in mitigation of recognized evils and would not impair, but rather foster, fair competitive opportunities.

No restraint on production

THIS language, in the opinion of many students of the Sherman Act, plays havoc with the "illegal *per se*" arguments advanced by the Government. It calls for revision of the widely held ideas that certain cooperative actions are inherently illegal and indicates that the Sherman Act has a greater adaptability to modern economic conditions than many persons had thought possible. This

view is strengthened by another paragraph of the opinion which reads:

We agree that there is no ground for holding defendants' plan illegal merely because they have not integrated their properties and have chosen to maintain their independent plants, seeking not to limit but rather to facilitate production. We know of no public policy and none is suggested by the terms of the Sherman Act, that, in order to comply with the law, those engaged in industry should be driven to unify their properties and businesses in order to correct abuses, which may be corrected by less drastic measures. Public policy might indeed be deemed to point in a different direction. . . . The argument that integration may be considered a normal expansion of business while a combination of independent producers in a common selling agency should be treated as abnormal—that one is a legitimate enterprise and the other is not—makes but an artificial distinction. The Antitrust Act aims at substance. Nothing in theory or experience indicates that the selection of a common selling agency to represent a number of pro-

ducers should be deemed to be more abnormal than the formation of a huge corporation bringing various independent units into one ownership.

On the strength of this paragraph the Appalachian case is hailed as an epochal interpretation of the Sherman Act, rivalling the United States Steel and the Maple Flooring cases.

When the rule of reason was first applied in the United States Steel Corporation case, it gave a charter to mergers, permitting them to progress under modern business conditions. The Maple Flooring case gave a like charter to trade associations. Now the Appalachian case is seen as applying the rule of reason to another great group in industry—individual units—and extending to them privileges which they were formerly believed not to possess.

Other students of the law feel that the privileges extended by this paragraph are more implied than actual. They point out that a big concern such as the U. S. Steel Company, for instance, can close all its plants but one if market conditions justify such a course. They raise the question as to what would result if Appalachian Coals attempted a similar course.

Actions will be watched

THESE people who do not subscribe to the general enthusiasm for the opinion, point to its final paragraph, a provision "that the court shall retain jurisdiction of the cause and may set aside the decree and take further proceedings if future developments justify that course in the appropriate enforcement of the Antitrust Act." Those who regard the decision as a Magna Charta for cooperative groups insist that this clause was added merely because Appalachian Coals, Inc., has not yet operated and the Court desires to see what happens when it begins to function.

Critics, however, view it as a string on the decision.

"It is as if the Court gave a man a permit to carry a gun," they say, "but warned him that he had no authority to shoot it."

They feel that, if the plan works, it will run afoul of the Sherman Act and, if it doesn't run afoul, it will not work.

These people agree that the emphasis given to economic factors in this situation is particularly significant in view of the complaint frequently made in the past that interpretations of the Sherman Act had been governed almost entirely by legal concepts, but they do not see this as an unmixed blessing. They quote the Court's statement that "a close and objective scrutiny of particular conditions and purposes is necessary in each case," and point out that the coal industry has been in distress a long time. They feel that it will be impossible to find two sets of circum-

stances affecting two industries alike. This, they feel, limits the application of this decision to the coal men alone.

This view seems to be borne out by a comment made by Attorney General Cummings in a press conference. He explained that the Appalachian Coals decision will have a bearing on future antitrust cases, but will serve only as a precedent in so far as any future cases are similar to it.

"Each such case must be considered an individual problem," he said.

Other observers feel that the sales agency plan is adaptable only to those industries which are sometimes referred to as "decentralized" because of the great number of individual units. They believe that a final solution of the difficulties which these industries face may require other steps, which the decision does not cover, and the decision may be of no avail to other industries suffering from evils common to integrated and non-integrated industries alike.

For this reason, many authorities have expressed the opinion that American industry still suffers under a hampering measure of uncertainty as to the application of the Sherman Act and that some modification is needed.

One of those who holds this opinion is J. Harvey Williams, President of J. H. Williams & Company, of New York, a close student of the Sherman Act. The *New York Times* quotes him as saying:

As a matter of fact, not only does the decision limit this permission (to establish sales agencies) to cases involving but a portion of the industry, but it is also the fact that only a very few industries could or would avail themselves of the privilege of pooling their sales efforts, even if the entire industry were permitted to do so. When, in addition, it is considered that the price demoralization problems of the vast army of the country's distributors can gain no benefit from this practice, it will at once be realized how far short of a real solution of industries' troubles mere palliatives, like common sales agencies, advance decisions by tribunals and other specific limited privileges, leave these fundamental maladjustments.

In any event, trade associations are exploring the possibilities of joint action which the decision may have opened up. One of these, American Forest Products Industries, is especially interested. Wilson Compton, president of the Association, filed a brief with the court as *amicus curiae* in the Appalachian case. Commenting on the decision, he said:

The Court takes the position which the lumber and other forest industries have long held in regard to the antitrust acts. We have never asked for the repeal of this Act, but we have asked for such administration of it, or, if necessary, such modification of its detail as would insure its fundamental objects of preserving free and equal competition and not destroying it. Under this new interpretation, the Act will

cease to infringe upon normal and fair expansion of commerce or the adoption of reasonable cooperative measures necessary to protect it from injurious and destructive practices and to promote competition upon a sound and equal basis.

The lumber industry has for many years sought to use the method of group selling agencies as a means of preventing destructive competition in price.

Secretary-Manager H. C. Berkes, of the Southern Pine Association, takes this view of the decision:

"The decision has given greater latitude to industry, not only in the matter of selling agencies, but in all matters of mutual cooperation in industries that are depressed. Lumbermen have been awaiting this decision and are prepared to discuss ways of putting the Southern Pine industry on a sounder basis through cooperative work."

Representatives of the petroleum industry have also recommended that their people organize marketing arrangements within the principle announced by the Court in this case.

H. A. Dickie, secretary of the Label Manufacturers National Association, also sees the decision as opening opportunities for better service.

"The Supreme Court has so modified all previous rulings as to clear the way for a much better control of industry," he said. "It seems obvious now that trade agreements that make for stability of industry without tending to monopoly will hereafter have the sanction of the Supreme Court."

Sol Herzog, counsel to the Congress of Industries, composed of organizations which have held trade practice conferences, also feels that the decision is important. He said:

"It is certainly heartening to obtain this unstinted approval of the principle of competitive, cooperative effort."

While all the discussion goes on, the coal industry has no illusions as to the task before it. It knows the decision does not automatically solve its problems.

Organized effort helps coal

IN THE meantime American business has some valuable lessons to learn from the Appalachian Coals case. It shows the value of frank discussion of business problems and of aggressive action in determining the rights of business under the Sherman Act.

It also shows the value of organized effort. The National Coal Association, a trade association of the bituminous industry, was the active agency in calling the earlier meetings which developed the course of action. It also assumed the leadership in carrying the case to a successful conclusion.

"Without its assistance," says a resolution adopted by the stockholders of Appalachian Coals, "this corporation would have found it difficult, if not impossible, to succeed."

Insuring the Life of a Business

By TERENCE F. CUNNEEN Manager, Insurance Department U. S. C. of C.

VHIS eye on a list of delinquent accounts lying on his desk, the president was not paying much attention to the caller's remarks until he caught the words—

"—and would you take \$300,000?"

"What?" he asked. "Guess I didn't quite catch that."

"You own this lumber business, Mr. Perkins," the visitor repeated. "I simply asked if you would take \$300,000 for it."

"I think maybe that would be about right if the business were for sale. But it's not. I plan to run it yet awhile."

"Don't blame you," the other continued. "But you say \$300,000 would be a fair price. Suppose you had just sold it for that amount cash, and put the money in government bonds. Would you leave instructions for Mrs. Perkins, in case of your death, to sell the bonds and use the money to buy the business back?"

"Mrs. Perkins run a lumber yard? That's absurd."

"Seemed so to me, too," the caller resumed. "Yet that's what she probably would have to do if anything happened to you. That is, she would unless these two young fellows here with you could raise \$300,000 and buy it from her. My proposition ought to look pretty good to you."

"And what is that?" Perkins asked. "Just this. You want to keep on running the business. That's all right with us. If anything should happen to you, you would want your family to have \$300,000 in government bonds rather than a lumber yard. So we'll fix that up. Finally, you would like for these young fellows to have the business. So we'll give them \$300,000 with which to buy it. How does that sound?"

"Like Baron Munchausen," Perkins retorted. "Who are 'we'?"

"The life insurance company I represent. Here is the way it could be worked . . ."

Of course, it did not turn out that simply. When they got to figuring, it developed that Perkins would take \$260,000 for his interest. A life insurance policy in that amount was written on his life. The younger men paid the premiums and owned the policy. The



SKILLED underwriters have developed a score of new uses for the life insurance policy, and many heirs, partners and stockholders are rejoicing

three contracted that, in case of Perkins' death, his estate would get \$260,000 cash and the other two men would get the business. Entered into in 1924, the contract was dug out of the safe in the fall of 1932, when Perkins failed to survive an automobile accident.

"Such a set of facts is rather common," said the head of the middle western life insurance company who told me of the case. "We have hundreds of such policies, some amounting to only \$3,000 or \$4,000. Business situations of that kind constitute a source of life insurance sales which has held up unusually well during the depression. You see, many a man, knowing how hard it would be for a purchaser to finance a deal today, does not like the spot on which his death would put his family."

Settling the estate quickly

SOME uses of life insurance for business purposes are quite simple. One is as a means of settling the affairs of a partnership without resort to liquidation, in the event of one partner's death. Each partner pays the premium for a policy on the other's life, under an agreement that the proceeds of such a policy will settle the claim of the estate of the one who dies first, leaving sole ownership of the business to the survivor. Few men seem to like the pros-

pect of sometime finding themselves in business with their partner's wife.

Quite as common is the use of life insurance to secure indebtedness, especially bank loans representing the operating capital of going businesses. Banks have come to sense the possibilities in this direction as indicated by the questions on their credit application forms pertaining to the borrower's life insurance. Usually such insurance is designed to protect the lender, but not always. Take the \$50,000 policy taken by a young executive who bought control of a business, planning to pay for it out of earnings over a period of years. He wanted to guarantee to his family the ownership of the business in case he might not live to complete the transaction.

Many ingenious plans of that sort have been worked out. Some companies will even write policies which decrease by a fixed amount annually, to correspond with the cutting down of the obligation which necessitated the insurance.

Each year a list is published of men insured for \$1,000,000 or more. In many of these cases, purely personal insurance holdings are much smaller than those for business purposes. Usually the latter grow out of the desire of a corporation to indemnify itself against loss from the death of a key executive.

A case written some years ago by a New York company is typical of this type. The reputation of an important firm, internationally famed as a creator of style in the dress industry, rested largely upon the genius and integrity of one officer. His death came at the height of the busy season. Large stocks of merchandise were on hand. Bank obligations were constantly maturing. The officer had been insured heavily in the company's favor and the proceeds of the policies helped carry it through a critical period of adjustment.

Here is a variation of the same situation, found in the files of a Dallas company. Three firms in a certain industry decided to merge. The selling season was on them and they needed additional capital right away. They wanted to sell a bond issue of \$150,000. Several bond houses would try to sell

(Continued on page 40)

MAY · 1933
Vol. 21, No. 5

Published at Washington by the Chamber of Commerce of the United States

Charting the Course of Business . . .

Government expenses are cut . . .

★ FOR four months we have carried at the top of this page the pledge of the party in power to cut the cost of the Federal Government by one-fourth and to abolish needless offices.

This month we omit it. The promise is being performed. Savings are being made in salaries and in unfair benefits for war service.

Announcement is made of sweeping changes in the set-up of departments. Bureaus of this and bureaus of that will disappear or so shrink that they will be hardly recognizable. Scientific work answering no immediate need will be limited. In Agriculture alone the number of bureaus, we are told, will come down from sixteen to six.

There is promise of a budget balanced or nearly balanced with no considerable increase in the burden on the taxpayer.

An administration that acts bids fair to do in a dozen weeks what other administrations spent a dozen years in discussing, in promising and planning.

President Roosevelt has done a fine job.

For this relief all business gives thanks.

From no quarter do congratulations come more sincerely than from the United States Chamber of Commerce and its magazine, *NATION'S BUSINESS*, which for a decade has been preaching incessantly the need of economy in government, and of eliminating waste and inefficiency of bureaucracy.

Make haste more slowly . . .

★ A MEASURE of the desire of business to move more slowly was the statement issued by President Henry I. Harriman of the Chamber of Commerce of the United States, proposing further study of the Securities Bill, announcing a committee to consider its provisions and suggesting that there might be some distinction between emergency legislation and long time legislation.

Mr. Harriman said:

The bill which has been introduced in the House and Senate has been available for examination only a few days. Hearings have opened before there was any opportunity for the business enterprises of the country to become acquainted with the terms of the bill. We are receiving inquiries from many sections of the country and from many of our long established manufacturing and merchandising institutions of unquestioned integrity that have had no chance to become informed as to the provisions of the bill. Since the bill as drawn apparently affects commercial and industrial enterprises in their financial affairs more directly than investment bankers or other dealers in securities, the need for opportunity to obtain complete information seems obvious.

As the bill now pending seems to be directed chiefly against the industries and businesses of the country not engaged in the business of dealing in investment securities, or in the business of creating them, I am at once appointing a representative com-

mittee of business men to meet at Washington as early this week as possible and endeavor to determine for the country's business enterprises the effects of this legislation.

Business in Congress assembled . . .

★ THE annual meeting of the United States Chamber of Commerce will be held at Washington this year with headquarters and most of the meetings in the Chamber's building.

The meeting comes on May 2 to 5 just two months after the inauguration of a new President and that new President will be the speaker at the annual dinner. Others of distinction in the new administration who will be heard are Secretaries Wallace and Roper, the Director of the Budget, Lewis Douglas, Chairman of the Federal Farm Board, Henry Morgenthau, Jr.

A chance for business to appraise at close range men who will affect their fortunes at least until 1937; a chance for the administration to appraise the temper of American business; a chance for business "in Congress assembled" to approve or protest the new relation of business and government.

All in all, this twenty-first annual meeting of the Chamber promises to be a notable one.

A business that's picking up . . .

★ IN OUR daily newspaper we found this news:

"Initial orders for greeting cards for next Christmas season reached the market this week and, to the surprise of manufacturers, the average order was 10 to 15 per cent larger than last Spring."

We retailed the news to the office cynic as evidence that hope, confidence, optimism were not dead yet and all he said was:

"Yes? Nothing but Christmas cards this year, I suppose—not even a necktie."

History in the making . . .

★ HISTORY is being rewritten more and more in the terms of economic and social changes, less and less in the terms of politics, battles and boundaries. If debating societies once sought to solve the question:

"RESOLVED, that the pen is mightier than the sword," they might now attack this:

"RESOLVED, that the invention of the automobile was more important than the invention of gunpowder."

The history of the United States written in those terms may give more space to the days through which we are living now than to the days of Valley Forge or Gettysburg.

We are facing a new economic policy, a new "design for living," a yielding to government of control over business.

To those who read that history in the making we commend

this issue of NATION'S BUSINESS and in particular two articles, that by Morris Edwards dealing with the legislation, accomplished and planned in the first six weeks of the democratic administration, and that by Willard Kiplinger telling what may or may not happen to business in the weeks to come.

Chain stores and taxes . . .

★ THE chain stores which are fighting tax bills in many states may get some comfort out of the recent decision of the United States Supreme Court in the case of Florida chain-store taxes, but they will find that the principles laid down by the court in upholding the Indiana tax still have not been changed.

In the Florida case the Court says that the state may not put a greater graduated tax on chains which operate in more than one county. On the general principle of chain-store taxation the Court says:

The decision in the Jackson case (the Indiana law) was based . . . upon the ultimate fact of common knowledge . . . that the conduct of a chain of stores constitutes a form and method of merchandising quite apart from that adapted to the practice of the ordinary individually operated small store or department store. . . . The legislature may make the distinction on the occasion of classification for purposes of taxation.

Some 30 state legislatures have before them bills for chain-store taxation and the decision in the Florida case will tell them what not to do. Meanwhile Indiana whose law has been upheld in the earlier decision is considering an increase in the tax.

Consider the consumer . . .

★ ONE of the ideas of Edward A. Filene who has long taken an active and thoughtful interest in commercial organization, is that chambers of commerce do not take into their councils the consumer, who is the foundation stone of commerce.

Perhaps commercial organizations which support bills aimed at chain stores might do well to consider the consumer's point of view. Does the consumer want the chains or not? The consumer doesn't want chains because they're chains. The consumer wants merchandise—the best merchandise, at the lowest price with the greatest convenience in obtaining it. The consumer doesn't care by what path he (or she) reaches that goal, whether it be by chain store, department store, super-market, or neighborhood store.

But if Mrs. A whose husband is a banker or Mrs. B whose husband is a conductor is told that the chain store is to be legislated out of existence, she'll ask one question:

"I don't care so long as I get my foods as satisfactorily, as conveniently, and as cheaply. But I want you to see to that."

Business is doing well . . .

★ "BUSINESS is fundamentally sound." How often we heard that phrase in late 1929 and early 1930. How rarely we hear it now.

And yet it may be truer now than it was then. Kenneth Collins, shrewd advertising and merchandising man, once with R. H. Macy & Company, and now assistant to the president of Gimbel Brothers, supports the assertion.

In a personal survey recently made, Mr. Collins reports that he talked with 104 manufacturers and that all but six were making money this year. A good record in the best of times.

The 104 represented a wide variety of things sold in department stores—pajamas, sheets, ice boxes, costume jewelry—all sorts of consumer goods.

They have reduced their overhead, cut down here, there

and everywhere, simplified methods, worked harder and got others to work harder. The business man who forgets 1928 and 1929, who fixes his mind on 1933 is the man who will pull out of depression the quickest.

Bridges at San Francisco . . .

★ IN AN editorial designed to show how mighty were the works of man even in a period of depression we had this to say of bridges:

In this country alone we are building the greatest bridge project ever undertaken—at Oakland; the highest dam in the world—etc. . . . Bridges are built of a size never dreamed of. Besides that at Oakland, the Golden Gate Bridge will be 8,943 feet long with a suspension span of 4,200 feet, said to be the longest in the world.

Alas! for human frailty and editorial ignorance. We never should have said "at Oakland." We should have said the San Francisco-Oakland Bridge which our mentor, George W. Gerhard, Secretary of the Civic League of Improvement Clubs and Associations, informs us is

in San Francisco, springing from the heart of the city across nearly two miles of water with three 2,300 foot and two shorter spans to Yerba Buena Island which is within the City and County of San Francisco. From here, across the 600 foot eastbay channel with a 1,485 foot span to a mole now used by the Key System Electric Railways, which was originally known as the Emeryville pier, for it leads from that town, the bridge is merely a series of 450 foot truss spans, trestling and fill. Oakland has nothing to do with it, although it will reap immense benefits from the bridge which will be paid for in full by tolls levied on San Francisco traffic.

We stand corrected. If, as Mr. Gerhard says, we "have done San Francisco a tremendous injustice" we regret it.

Getting something done . . .

★ WHEN the new president of the United States went from the Capitol where he took the oath of office to the White House where he closed the banks of the United States, the business public welcomed the directness of his action. Here in authority was a man of action, a man who believed that Gordian knots were to be untied, not fiddled with.

Business breathed easier. Something was to be done—was being done. Economies long talked about were to be accomplished through a cession of power by the legislative to the executive.

A bill for agricultural relief was drawn up and opposition to it was swept aside; a bill to give employment to a quarter of a million men was hurried through, plans were laid for public works to put other thousands to work; a drastic bill was introduced which proposed to save the investor from the cupidity of others and the speculator from himself; proposals were advanced for the compulsory consolidation of railroads, new banking legislation giving greater supervisory powers to the federal Government discussed.

To all these ideas there was a prompt and favorable response of public sentiment. "Let's get things done," was a slogan sure of approval.

As new measures appeared and proposals were made to turn them into laws almost without study, unquestioning approval gave way to caution with the public and to a lesser degree with the Congress.

The Chamber and the bank bill . . .

★ WHAT is reported to be the administration's bank bill was outlined in Washington despatches in the second week of April. Not long before the Chamber of Commerce of the United States had made public a report of its special committee on banking, a report which will be discussed at the annual meeting of the Chamber.

The bill may be a law before that meeting. It may be

greatly altered before passage. In what ways does it agree, in what ways does it conflict?

The most advertised feature of the proposed legislation was the formation of a corporation which should guarantee bank deposits. The Chamber is specifically against government guaranty of deposits. It has no position on what we understand is covered by the Glass Bill provision for reserves for the insurance of deposits.

The bill as outlined proposes divorce of security affiliates within two years. The Chamber committee would have the Chamber as a body reconsider its declaration that "a member bank should be permitted to maintain corporate affiliation with a company organized to transact the business of originating, buying and selling investment securities."

The bill proposes to prevent interlocking directorates between investment banking houses and industrial enterprises whose securities they handle. On this point the Chamber's committee made no recommendation.

The bill would perhaps prevent the paying of interest on checking accounts in Federal Reserve Banks. On this point the committee made no recommendation.

The bill may include a prohibition upon banks lending money to their own officers. The Chamber's committee recommended: The Board of Directors suggest to all banking associations that they support the proposal that every bank, not now possessing such rules, adopt as invariable practices the prohibition of loans by it to its own active salaried officers and the requirement that its loans to its own directors as individuals or members of a partnership must be approved by specific resolution of its board of directors.

The bill would permit state-wide branch banking where state laws permit. The committee recommends that "the federal and state governments enact laws permitting under careful regulation the extension of branch banking."

Also proposed by the bill is an increase of the minimum required capital of national banks from \$25,000 to \$50,000. The Chamber holds that "every bank in the future admitted to the Federal Reserve system should have a capital of at least \$50,000."

Where the Chamber committee goes beyond the proposed bill is in its recommendation that "every bank doing a commercial banking business should be made a part of the Federal Reserve system," which would in the committee's opinion lead to "a single unified system of commercial banking."

Raising farm wages . . .

★ WHAT with all the objections that were raised to the proposed dollar-a-day wage in the Administration's reforestation project as being detrimental to established wage scales, it will do no harm to face actualities for a moment.

The forest work probably compares as closely to everyday farm work as to any other. If we compare the accepted dollar wage for forest work with actual farm wage rates, however, we find that the forest workers will be drawing wages some 33 per cent higher than today's farm workers.

The average day's pay which the farmer's hired hand drew in January of this year was 76 cents, with board, according to the Government's figures. This included neither hospitalization nor clothing, both of which the forest worker under the Administration measure will get.

Thus some interesting possibilities present themselves. Will we see a hegira from the farm to the forests? Certainly the Government is offering inducements. Will employing farmers, in order to compete with their own Government in the labor market, have to raise wages? Should this last eventuality occur, further farm-relief measures may be in order.

Fire risk in depression . . .

★ BOTH booms and depressions have their crime problems. In periods of inflation and elation one set of moral

inhibitions gives way. Men thieve to get rich quick. "There's no chance to lose, everything is going up. Let's borrow from the boss (euphemism for steal) and put it back when we've made a bit."

In times of depression, want drives some persons to stealing.

Fraudulent bankruptcy thrives since the hard driven merchant sees that as a possible way out. Arson is a crime of depression.

The manufacturer or the shopkeeper seeing on hand a stock of goods at fast declining prices feels that somehow a fire would not be the greatest of evils. And somehow fire happens to get started.

In the depression of 1921 in this magazine an insurance man spoke of "fire due to the friction of a \$10,000 policy rubbing against a \$5,000 building."

And human nature hasn't changed. The National Board of Fire Underwriters has just adopted resolutions reciting that "an unusually large number of suspicious losses have occurred," the "customary immediate payment of losses tends to encourage arson" and holding that "the payment of all losses in excess of \$100 be withheld for the period of 60 days."

Maladjustment of the price issue . . .

★ TURNING back to the files of 1921 to verify that quotation about arson, the editorial eye lighted on a paragraph replying to a man who said that the only thing needed to end the then existing depression was that everyone in a given week should spend \$20 over and above his or her normal spending.

We'd asked George E. Roberts of the National City Bank his view of the suggestion and he replied:

It is a favorite dream under existing conditions that by simply passing the word around the wheels of business can be started. It never materializes. Business will start up gradually as readjustments, which are necessary, are accomplished. I have been writing laboriously for nearly a year to show that industry was out of balance, the entire wage level in manufacturing industries and in transportation being too high in comparison with the prices of raw materials and all agricultural products. We are not going to have good times until all the industries are back on approximately the same level of value.

Has humanity changed so greatly that that is no longer true?

Reform! And don't stop to think . . .

★ THE mechanization of medicine and the report of the Committee on the Costs of Medical Care fathered by ex-Secretary Wilbur, came in for some hard blows at the recent meeting of the Medical Society of the State of New York.

"The medical profession cannot be Fordized until human beings become robots," said Dr. Edward H. Carey, president of the American Medical Association.

In this view he was seconded by Dr. Charles Gordon Heyd, president of the state association, who gave his opinion that:

"The medical profession has right to expect that the community shall not exploit them under any state endowed scheme of social insurance, the cost of which must be superimposed upon a tax rate that has already reached staggering proportions."

Significant of the tenor of times is this statement from Dr. Carey who protested at "the impatience of some of the leaders engaged in social welfare work to hurry the profession to decision, even going so far as to threaten us with a definite campaign of propaganda to influence the public."

The reformer is ever impatient. What he wants is right and brooks no argument and no delay.

Merchants Who Are Making Good

By MARC N. GOODNOW University of Southern California

DEPRESSION is a hard school but many men are already cashing in on its lessons. Some of those lessons are reviewed here with examples of their practical application

★ HAS the depression made a new and better merchant? Has he learned the elements of success, if he did not already know them? And how is he shaping his course for the future?

Stock exchange reports and current trade statistics give us the answer for those independents and chain merchants whose percentages of profit or loss are made public. But they do not reveal the status of the thousands of smaller merchants—department store and independent retailers—who do fully three-quarters of the nation's volume of business. The key to the success or failure of these various small units of distribution is to be found only in an intimate, personal study of their problems and their reactions, and in the various trade and consumer conditions which they have faced in some three years of stress such as they have never known before.

The job of putting one's finger on the outstanding qualities of a good merchant and saying that these constitute the elements of his success is not an especially easy one, nor, perhaps, even one that is altogether fair. In a great many cases, of course, success is reached over a rough and stormy, sometimes wholly uncharted, course. In a few, no doubt, pure luck has been responsible. We had many merchants who could succeed in such years as 1921 to 1929; fewer who could continue that success through 1930 to 1932. One of the pitiable things of the past three years has been the number of farewells that have been said by old-timers through their retirement sales. Their inability to adjust themselves to new conditions and methods proved disastrous.

Significant throughout our period of stress, however, has been the fact that so many merchants have succeeded in retail lines because of certain definite characteristics—such elements as rare judgment, genial sociability, organizing or

financing ability, promotional character—or a combination of these or other traits either inherent or acquired from long experience. In fact, these have been times to test all that a merchandiser has of human knowledge, business acumen and personal fortitude.

Always more impressive than methods, policies, advertising or even merchandise is the personality of the merchant in the smaller city who still maintains a close, personal touch with his customers and so often succeeds because of that. In fact, one who has such an outlook will practically always practice most if not all of the improved methods of doing business.

Such a merchant is Palmer, located in a western city of 14,000. Palmer came out of a big city merchandising experience, and yet, within a short time, he has learned the ways of the smaller city and has capitalized on that knowledge. I doubt if many small department store merchants know their customers better than he does, or if their books will show a better record for consistent profits than his do. One day I accompanied him back to his store from his luncheon club, a walk of only a few blocks. He stopped eight times to speak with people in a personal way. There was the woman who had just celebrated her fiftieth wedding anniversary, whom he congratulated; the man who had gotten back from an eastern trip, with whom he talked about business conditions; the woman for whom he was expecting a shipment from his wholesaler; the woman whose husband was ill; the man whose wife had just recovered from an illness; the woman for whom he had ordered dresses in which she was interested—and the young girl who had tried to match a piece of dress goods in his store.

Hard workers

THEN there is Caldwell, the grocer, in a city of 5,000. He not only spends most of his time on the floor of his establishment, meeting his customers, but he also spends one day a week out in the country delivering purchases or making new friends.

I had traveled some 30 miles one day to see Mr. Caldwell but found that the only time we could get for our private chat was in his car, on a trip of some ten miles into the country—to deliver a half dozen pork chops!

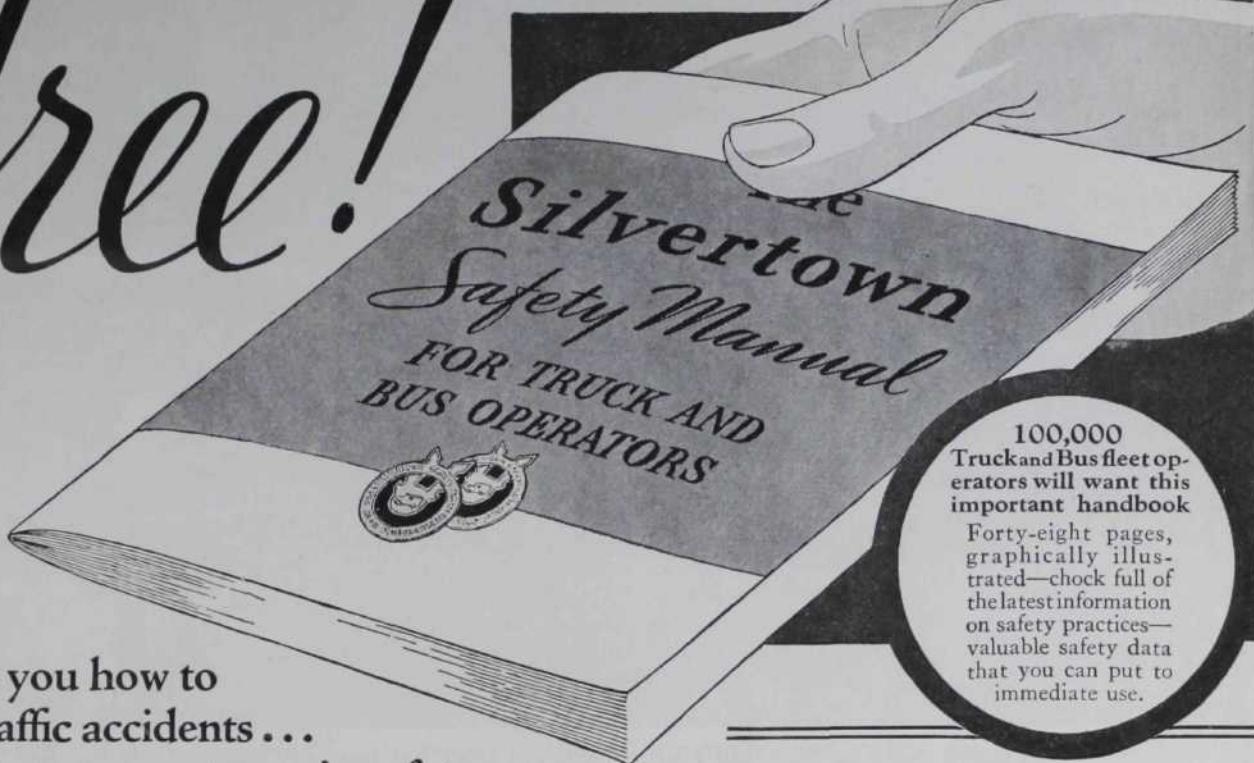
In the same town is Mr. Blumenthal, the dry goods merchant, who apparently carries his office in his head, because



Close personal touch with customers often explains the success of small town merchants

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Truck and Bus fleet operators will want this important handbook

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THE INMAN CO.

A lunch room in the middle of a hardware store has not only paid its way but has become a real asset in attracting business to the hardware stock

he is usually greeting his customers and directing them to various departments. This merchant has attracted buyers from all parts of the county, despite heavy competition from larger cities.

Much of the gambling spirit has been manifested among merchants who are making good these days. At least there has been an element of chance in certain moves that proved later to be thoroughly sound and successful. Mr. Horowitz, proprietor of a department store in an Arizona town of 3,500, remodelled his store interior and front.

The immediate result was the loss of his low-priced customers—the farmers and cotton pickers of his trade area. No special sales nor inducements would bring them back. The splendid new store had frightened them away.

With unsold stocks accumulating and former customers trading elsewhere, his situation looked serious, until he decided to play a hunch. He opened a second store across the street under another name. There, in a building with much the same general appearance as his old store, he installed a stock consisting mostly of unsold goods from his more modern store. The customers came back. His second store has become a profitable venture and has enabled him to maintain a volume close to \$100,000 a year.

Newer competition hurts old merchants

MANY a small city dry goods, drug, hardware or grocery merchant has gone down before the intensive competition of the past three years unless he was in a position to take some kind of drastic action. Too often a merchant has been unready or unwilling to accept the new order of merchandising and readjust his prices to fit the temper of the times. This inability has inevitably brought competition—and trouble—to his door.

Four druggists in a California city of 10,000 had enjoyed

an easygoing, profitable business during the pleasant decade ending in 1929. But the new era arrived; price readjustments became the order of the day. Chain drug stores sprang up here and there.

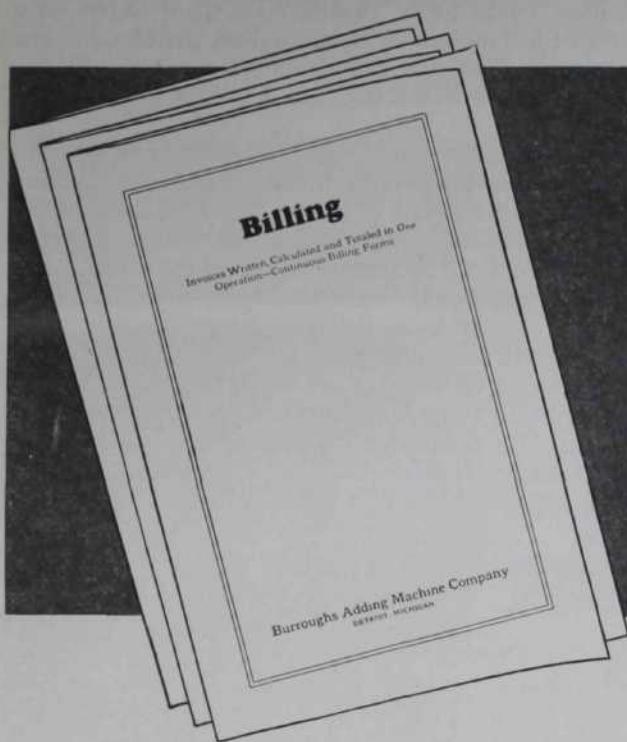
Drug prices in this city were maintained despite confused buying conditions in other lines. Shortly the inevitable happened. Consumers began to go elsewhere for their drug supplies, cosmetics and toiletries. Then came a cut-price chain drug store which, although it disturbed the equanimity of the four independents, nevertheless had the virtue of inducing local consumers to spend their dollars at home. Naturally, a merry price-war ensued and whatever profits remained have since been divided five ways instead of four.

Quite different was the way three local druggists in an Oklahoma city handled a similar situation. When they discovered that a fourth store in their community was to be taken over by a chain, they immediately anticipated the chain's move by buying cooperatively, offering merchandise at competitive prices, using price tickets on all articles, displaying as much merchandise as possible in windows and inside the stores, advertising cooperatively in the local newspapers and issuing a combination store catalog for the agricultural districts within their trading area.

By the time the chain store had opened, residents of this community had been flooded with the announcements and catalogs telling of the new policies of the local independent druggists. As a result, the drug situation in that city was kept under the control of local merchants who may have reduced profits, but who at least lost no time in keeping pace with their competition.

One effect of the depression has been introspective. Many merchants have gained through a system of self-examination which they were loathe to employ before 1929. Declines in trade volumes set them to thinking that their plight, in some measure at least, might be due to practices within their

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Burroughs

own organizations. In the belief that consumers still had money to spend but that salespeople were imbued with the idea that their selling efforts were sown on barren soil, a large department store in Los Angeles made an experiment. Five women shoppers were given \$10 each to spend in local stores. They were instructed to ask for an article costing not more than 50 cents but if they were shown or asked to buy other articles they were authorized to spend up to the limit of their capital. They succeeded in spending \$36.

As a result of this and similar tests many merchandisers have instituted sales-training classes and other methods designed to improve the selling ability of sales people. In one city the selling force of a department store has been given a list of articles for the entire month and enjoined to push one article each day.

This method has increased volume from 15 per cent to 25 per cent in various months.

Encouraging more sales effort

SOMEWHAT similar is the case of Mr. Richter, a druggist in a city of 5,000, who for three years has offered his employees a five per cent bonus on their additional sales. In consequence, increased sales have been made to 17 out of every 23 customers during that period.

Merchants who have studied their own business or pursued some method of research into business policies and consumer relations have profited by new pictures of their opportunities. Upon the results of these surveys they have been able to chart entire new courses more nearly to meet the demands of their buying communities.

Glendale, Calif., merchants employed trained investigators from the University of Southern California to discover where their trade volume was going—and why.

Women of that city, it was found, were willing to tell frankly where they shopped and the reasons. Merchants learned plenty and profited immensely.

More than one merchant has found that the addition of a new line of merchandise or the rehabilitation of an old department has enabled him to make good during the past three years. One of two druggists in a Pacific Coast city of 5,000 had a business of \$17 a day at his fountain, an old-fashioned affair that had to be put out of service for a week or more once a year for a "repaint." He spent \$4,000 on a new colored-tile fountain, with chromium plated trim and French mirrors. With the completion of the new unit his volume increased to \$31 a day and has held close to that figure since.

Of course, recent economic and competitive conditions have made strange bed-fellows in merchandise. Tires have gotten mixed with the sale of drugs, department stores sell airplanes, electric refrigerators and air-conditioning plants; Sears, Roebuck & Co. have financed new homes worth \$100,000,000 in a single year. Sidelines everywhere have been added for new volume and profit. These have been the natural outgrowth of changing conditions.

In Long Beach, Calif., Roy W. Orris, proprietor, has installed a beautifully appointed lunch counter in the center of the American Avenue Hardware Company's store. This novel department has built more profit for a business that is directly across the street from a branch of one of the largest



Depression has made merchants study their stores and replace fixtures like those at the left with new



The consumers' answers to the question: "What could Glendale stores do to obtain a larger percentage of your trade?" were largely typical and are offered here as an indication of conditions which merchants in average small cities face today:

Local merchants get our trade now	18 per cent
Meet metropolitan (Los Angeles) prices	30 per cent
Get better selections	42 per cent
Get better service	24 per cent
Get branch of metropolitan store	10 per cent
Improve advertising	14 per cent
Handle better quality	8 per cent
Wider range of sizes	6 per cent
Better parking facilities	5 per cent

chains in America. Not only has the lunch counter more than paid its way, but it has become a real asset in attracting business to his hardware stock, which has been made to appeal to women as well as the contractors and laborers.

If he was not already "on his own" when the new era set in, many a merchant soon realized that the future was more properly in his own keeping than in that of any competitor. It would not be difficult to find large numbers of retailers who in 1929 were on the defensive and losing, but who, in 1930 and later, were carrying the fight to their competitors—and winning.

Certain of these successes were due to expanded promotions; others to the ability to buy and sell on practically the same basis as the large group operators, but to operate on a lower overhead. Personality played a distinct rôle—as well as the ability of the independent merchant to satisfy the larger needs of the community from the standpoints of wider selections of merchandise, standard qualities, nationally advertised brands, credit and delivery. In several instances, independent grocery operators pulled themselves out of a deep

(Continued on page 54)

"Send the Company your address so that your Income Checks will reach you promptly"



HERE are people in this country who take lasting comfort in the fact that regularly each month, for the rest of their lives, they will receive income checks paid to them by their life insurance companies.

You can find them in their homes in all parts of the country enjoying their leisure. And you can see them on their travels—the people whose dreams of contentment and peace of mind have come true.

With assured incomes for the balance of their lives, their time is their own to use as they will.

If you would like to look forward to the day when you can cast off business cares, a Metropolitan Field-Man will show you a practical plan by which you may be able to accomplish your purpose.

Although your present income or salary may not be large, perhaps you will find that by rearranging your expenditures you can provide for a definite Retirement Income.

A fixed income for life is a very important part of a sound, well-rounded Program of Insurance. Send for a Field-Man—or use this coupon.

Metropolitan Life's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$5,000,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life
Insurance Company, (N)
1 Madison Avenue,
New York, N. Y.

With no obligation on my part, I shall be glad to have details regarding a practical way to provide a Retirement Income.

NAME _____

ADDRESS _____

CITY _____

STATE _____



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

Developments in Distribution

THERE ARE antidotes to this thing called depression. Resourceful men in all sections of the distribution field are continuing to discover and to administer them

✓ A BAKING and a coffee company, both nationally known, are getting the public to sample their products, at a price, through coffee-and-doughnut restaurants which they have opened in several cities. Doughnuts are also sold for home consumption, but not coffee—the coffee company doesn't wish to antagonize its regular local dealers.

MICHIGAN farmers are invited to barter their products for clothing and other supplies by a Detroit department store. Advertisements in 78 newspapers through the state have led to such swaps as a 500-pound pig for three boys' suits, three pairs of shoes and a dress; 50 crates of eggs for a variety of women's wearing apparel, etc. The produce received is at once placed in the store's grocery department for sale along with its regular stock. A San Francisco hotel similarly advertises that farmers and ranchers may exchange food products for hotel accommodations.

A NEW cash department store in Columbus, Ohio, has its entire street floor occupied by a popular-priced food market and carries complete department-store lines on three upper floors and in the basement. Established some six months ago, this store turned low prices into an asset, obtaining leases, construction, equipment and stocks at depression prices. Four months after opening it announced an expansion program which included opening of another floor and addition of new departments. Store hours are 8:15 a.m. to 6:00 p.m.

"DATING" of food products is spreading. Already widely followed in the coffee and milk fields, the practice has been extended to bread by an Indianapolis bakery, to potato chips by an Ohio concern.

"TAKE home a dinner for two—and charge it!" a Washington department store invites shoppers. Orders are left at noon and the dinners, all cooked, are picked up by customers on their way home.

"TREASURE HUNTS" are being used by several stores to add allure to sales events. Advertising "un-advertised specials" in newspapers, one department store has a girl at the door who hands customers "menus"

which list the specials and show where to find them. Posters throughout the store also direct shoppers to the specials, and cards on counters in every department signal: "Here's another! Look at me. I am unadvertised. But I am new and smart and well-made and my price is low."

A MADE-TO-ORDER glove service is being offered by a New York store. Women customers are invited to bring in any fabric (24 inches of material, 36 inches wide) and have it turned into gloves.

A PLUMBING department has been opened by a Pittsburgh department store. This merchant argues that department-store customers are the ones who are buying bathroom fixtures today since most fixtures are now being installed as replacements or in additional bathrooms. Three complete bathrooms have been set up in the new department.

ORGANIZATION of sales managers' clubs has been effected in several cities as a means of stimulating business. Purposes of the groups include exchange of sales ideas, sponsoring of mass meetings of sales people to hear talks by sales executives, exchange of ideas with similar clubs in other cities, etc.

A WESTERN wall-paper dealer insures his catalogs going to potential buyers by distributing them only to people who have had no redecorating done for from two to three years. Names are selected for the most part from the firm's old customer list, and delivery is made by special store employees.

WAYS of preventing oil "bootlegging"—substitution of inferior motor oils—by irresponsible filling-station operators are being developed by several oil companies. One company is bonding its dealers, another is using special bottles, at least one other puts its oil up in sealed cans. For the benefit of companies using the last plan, new dispensers have been developed, containers which have pointed knives inside them. The sealed cans are pushed down into these containers and are pierced by the knives. The oil drains from the punctures, into the containers, thence through an outlet into the crankcase.

ONE of the large oil companies is selling cigars, cigarettes and candy in its filling stations on the West Coast.

NATIONAL Cotton Week is scheduled to be with us again this year, May 15-20, with indications that more than 25,000 retail establishments will participate. Among factors cited by the Cotton-Textile Institute for an intensified selling drive on cottons are signs of rising market values, rising style prestige of cotton, increasing popularity of men's cotton suits. Last year \$2,000,000 worth of advertising, window displays and other forms of publicity were used for the Week.

ROOMS in a Pittsburgh hotel are sold by picture. Each type and price class of rooms is shown in vertical rows of pictures hung on either side of the room clerk's desk. Thus guests know in advance what they'll get for their money.

AMONG the new bearers of advertising messages is a spoon for the medicine cabinet, equipped with a small handle which clips around a bottle cap.

THE Kewanee (Ill.) Chamber of Commerce has devised a plan for passing on to the consumer the fractional-cent tax payments arising under the new Illinois sales tax. The plan calls for the sale of one-fourth cent tokens to retailers through a Chamber clearing house. Proceeds are placed in trust, thus backing the tokens to their full face value. The law imposes a fourth-cent tax on sales of one to eight cents inclusive; a half cent tax on sales from nine to 17 cents, etc. On a five-cent sale the retailer would be handed six cents and would return the customer three tokens in change. The customer uses these to pay taxes on other purchases.

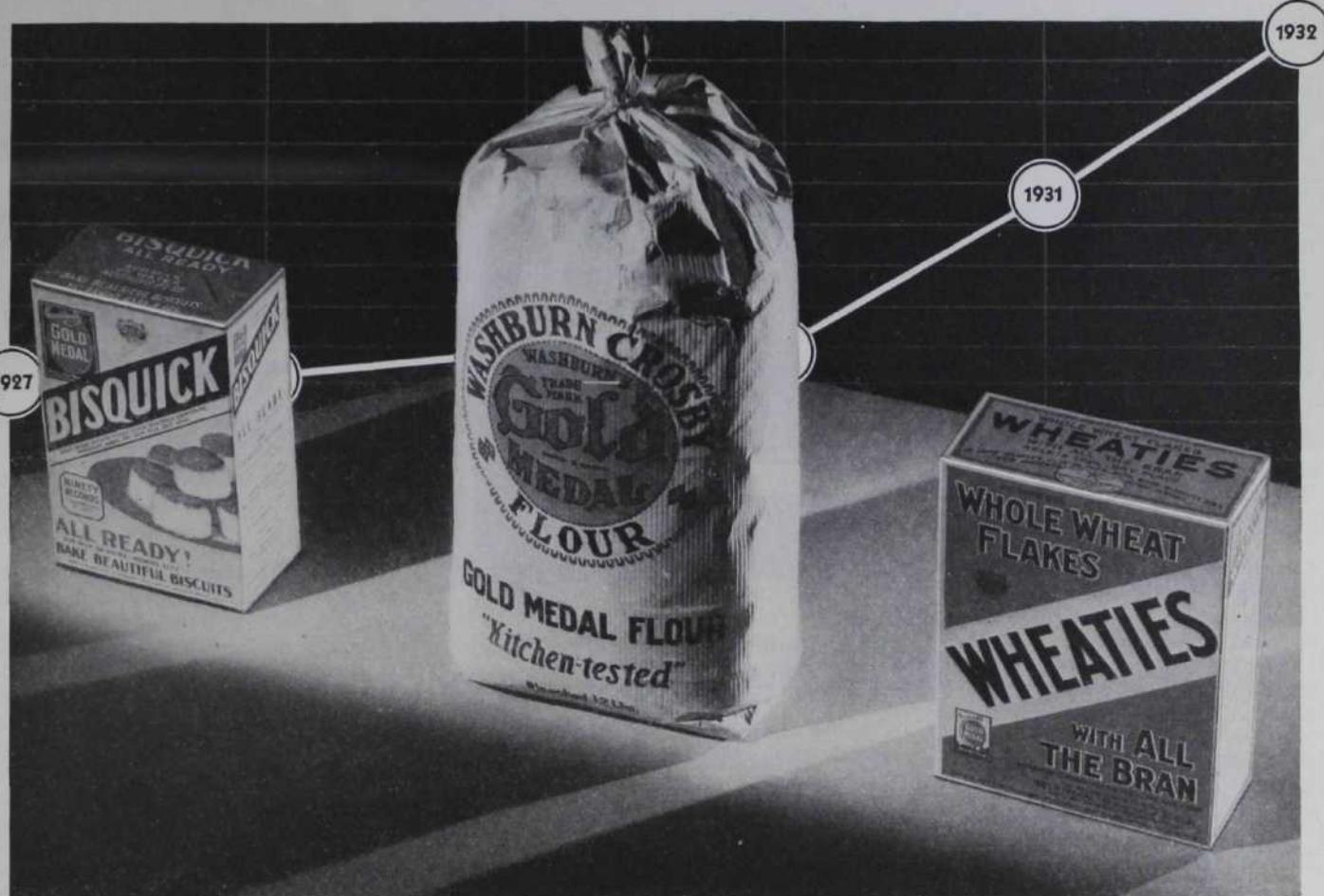
FRUITS of the depression: A southern sugar refinery's advertising stresses the "attractive clothing that can be made from sugar bags," offers a free folder describing the garments, the number of sugar sacks required for each, etc. "Penny" cafeterias opened in several cities for the jobless and featuring one-cent bread, soup, etc., are hearing protests from nearby restaurants—the latter say they're losing their regular customers to the penny eating places.

GOOD-WILL builder: A Kansas City shoe shop offered "a shine for a smile" during the banking holiday.

—PAUL H. HAYWARD

EDITOR'S NOTE—Further information on any of these items can be had by writing us.

Growing investment proves **GENERAL MILLS'** **increasing satisfaction with Pneumatic Machines**



Packaging machinery is purchased with painstaking deliberation as to its merits. Anything so important to a manufacturer's production must be, and once packaging machinery is installed its performance is constantly checked and closely studied.

The opinions of these companies on packaging machinery is best found in the records of their packaging machinery purchases. And these records prove a significant and widespread endorsement of Pneumatic Machines.

PNEUMATIC MACHINES

Carton Feeders—Bottom Sealers—Lining Machines—Weighing Machines (Net and Gross)—Top Sealers—Wrapping Machines (Tight and Wax)—Capping Machines—Labeling Machines—Vacuum Filling Machines (for liquids or semi-liquids)—Automatic Capping Machines—Automatic Cap Feeding Machines—Tea Ball Machines.

General Mills first started to invest in Pneumatic Machines in 1928. They bought again in 1929, 1931, and 1932, proving their satisfaction with constantly increasing purchases. Their experience is important because it is typical of that of the majority of the country's mass producers of packaged goods.

There is a Pneumatic salesman in your territory ready to give you complete facts. Ask us to put you in touch with him.

**PNEUMATIC SCALE
PACKAGING MACHINERY**
PNEUMATIC SCALE CORPORATION, LTD., 67 NEWPORT AVE.
QUINCY, MASS. (NORFOLK DOWNS STATION)

Branch Offices in New York, 117 Liberty St.; Chicago, 360 North Michigan Ave.; San Francisco, 320 Market St.; Melbourne, Victoria; Sidney, N. S. W. and Trafalgar House, No. 12 Whitehall, London, England

What the Chamber Has Been Doing

Directors Study Railroad, Financial and Economic Problems

✓ BUSINESS views of what is being done and what is still to be done to hew a way out of our accumulated difficulties and regain the open road to progress have been kept constantly before those in authority during the past few weeks which marked, incidentally, a new high point in Chamber work. Proposals for dealing with the railroad situation and for handling world monetary and economic problems were submitted to President Roosevelt and to Secretary of State Cordell Hull as a result of a meeting of the Chamber directors early in April.

The directors also considered many other problems including:

- Changes in Banking Laws.
- Bankruptcy Legislation.
- Changes in the Federal Budget System.
- Railroad Legislation.
- Depreciated Currencies.
- Most Favored Nation Treatment.
- National Agricultural Policy.
- Working Periods in Industry.
- Unemployment Reserve Proposals.
- National Conservation Policies.
- Proposed Government Development Projects.
- World Monetary and Economic Conference.
- State and Local Taxation.
- Non-Recognition of Russia.

Detailed committee reports on all these questions were presented to the Board which, in turn, stipulated that several of them should be laid before the Chamber membership at the annual meeting beginning May 2.

Changes for the railroads

IN considering the railroad situation, the Directors sounded a hopeful note:

"With proper treatment of the problems of regulation and with reasonable government support of railroad credit during the existing emergency, there is every reason to expect that the railroads will be able to maintain and render their essential service to the public."

Principles that should be embodied in any plan for dealing with the railroad situation, the Chamber feels, include reasonable government support of railroad credit; reduction of competitive wastes through cooperative efforts of railroad management and through voluntary consolidation, facilitated by



public authorities; recognition of the relationship between wages and adjustment of railroad rates to current economic conditions; relief of the railroads from hampering regulatory restrictions, involving a number of changes in the present Transportation Act.

Additional proposals relating to the conditions of competition between railroads and other forms of transportation will come before the membership for consideration at the annual meeting as will a report recommending establishment of a single, unified commercial banking system by ultimately making every bank doing a commercial business a part of the Federal Reserve system.

This report, submitted by a committee of which Silas H. Strawn is chairman, supplements recommendations made several months ago by the Chamber's banking committee and takes into consideration recent developments in the banking field. The original report formed the basis for a referendum vote of the Chamber's member organizations. At that time the proposal to permit branch banking received a favorable vote but lacked the two-thirds necessary to carry.

The new report reviews the position of the Chamber which approves the maintenance of security affiliates and says:

Within the two months since the close of the referendum, there has been a substantial change in the banking situation

with indications that still more areas are likely to be left without adequate banking facilities. Under these emergency conditions it would seem that both state and national banks in the larger centers of each state might be permitted to extend their services where necessary through the establishment of branches.

Better federal budget

THE Board also ordered a report, submitted by a committee headed by Matthew S. Sloan, presented to the Annual Meeting. This report recommends radical changes in the budgetary procedure of the Federal Government, including:

The Chief Executive should formulate and present to Congress a complete fiscal program.

A budget officer should be appointed for each spending unit.

Appropriation bills might well be drafted by a budgetary agency directly under control of the President.

There should be set up in each House of Congress a budget committee to develop and maintain a systematic fiscal program.

The President should be provided with effective means of controlling expenditures.

The evils of deficiency appropriations should be eliminated by providing such executive control over expenditures as to make such appropriations unnecessary.

The President should be given power to veto individual items in an appropriation bill.

There should be prepared and published immediately after adjournment of each session of Congress the budget as actually approved by Congress, arranged under main heads and in such form as to present a comprehensive picture of the fiscal program for the year covered.

Other financial problems considered by the Board included a committee report stating:

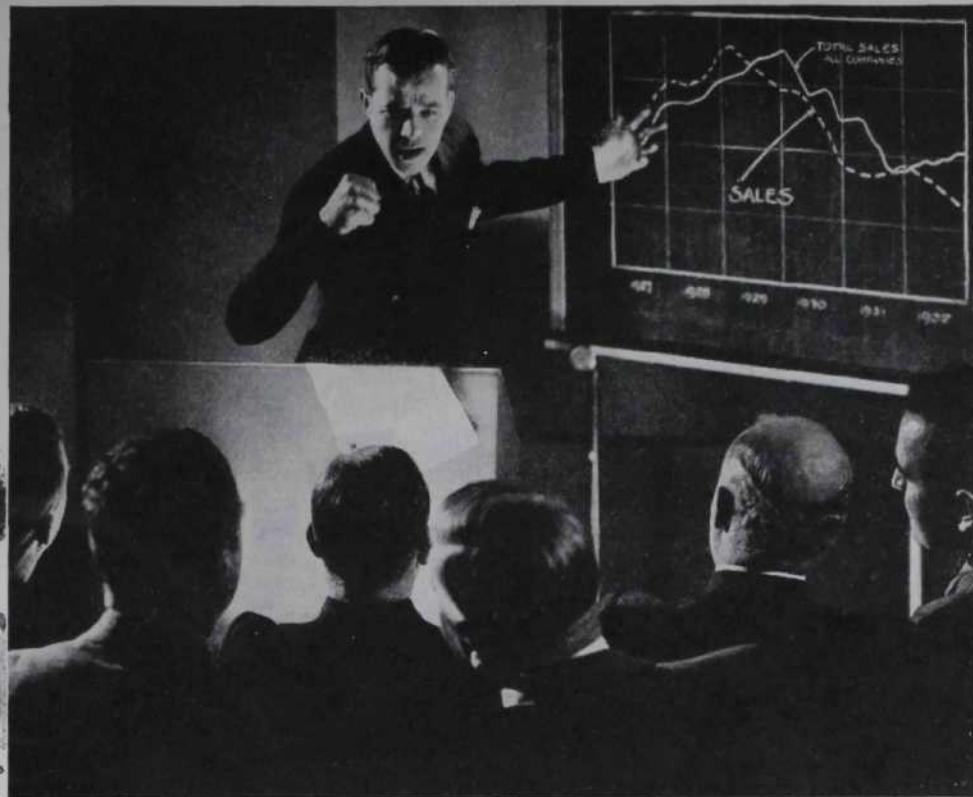
No action should be taken that destroys or impairs the integrity of municipal obligations.

While recognizing the acute financial situation facing a number of municipalities, due in part to unusual conditions in business and in part to governmental extravagance, the committee, nevertheless believes that, under present conditions, defaults can be averted with few exceptions by economy and efficiency in local governments; and it recommends the retention of every proper incentive to decrease ma-

(Continued on page 52)

**DANGEROUS —**

The steeple-chase is dangerous business unless there is perfect coordination between man and horse, and the stamina to keep going at top speed all the way.



"**BUSINESS** is a race today..

*and it's **DANGEROUS BUSINESS** to slow down"*

YOU can't take things easy this year, if you want to stay in the race that business has become. You've got to drive your business at top speed, day after day. *You've got to keep abreast of competition in the race for orders.* And you've got to control your overhead or it will steal away all profit.

Fortunately, Addressograph-Multigraph products are available to every business, large or small, that is determined to stay in the race. You can put this equipment to work on easy terms—you can pay out of savings which it earns.

Learn how it increases orders at lower sales cost. Let us show you how it speeds up and smooths the daily routine of necessary business functions. Invest 30 minutes of your time with one of the Addressograph - Multigraph men. The interview will pay you a surprising profit.

Consult "Where To Buy It" section of your telephone directory for name of nearest Sales Agent, or write direct to Addressograph-Multigraph Corporation, Cleveland, Ohio

Use Certified Addressograph-Multigraph Supplies to assure the finest possible quality of results, at the lowest possible cost.



**Model 1100
Addressograph**

A low-cost, efficient machine for imprinting names and data on business forms of every kind, up to 2500 an hour



**Model 100
Addressing
Multigraph**

Typewrites name, address, salutation, date, body of letter, and addressess envelope at each revolution. Builds sales!

Addressograph-Multigraph Products

MAKING AND SAVING MONEY FOR EVERY KIND OF BUSINESS • EVERY DAY

When writing to ADDRESSOGRAPH-MULTIGRAPH CORPORATION please mention Nation's Business

Insuring the Life of a Business

(Continued from page 26)

the issue in the regular way but none would buy it outright.

One house did buy the bonds, however, after a \$150,000 insurance policy on the president's life had been added to the security.

John Wanamaker once said: "Twenty years ago I had a capital of about a half million dollars. I then realized that a man with \$500,000 capital and \$1,500,000 of insurance on his life would have better credit than a man with \$500,000 capital and no insurance. So I took the insurance. I now find that, trading on the credit it created, I made more profit than if the money which went into the insurance had gone directly into my business."

Protection is cheap

THE cost factors referred to by Wanamaker are illustrated by figures from the books of a corporation which, ten years ago, placed \$100,000 of insurance on its president, who had just pulled it through a receivership. He then was 45 years old. Premiums during the ten years, after deducting cash dividends and increases in cash value, have averaged a trifle more than eight-tenths of one per cent, \$800 a year, for \$100,000 protection.

Keen underwriters frequently find in corporations uses for life insurance that scarcely would occur to the company officers themselves. The representative of a Milwaukee company studied the affairs of a middle-western manufacturing concern.

Due to a peculiar balance among the executives in respect of sales and production talents, it was no trick to show the need for policies on several officers' lives, totalling roughly \$300,000. Going further into the corporation's affairs, however, he found that an outstanding bond issue would mature somewhat more than 20 years hence. So the policies were placed on a 20-year endowment basis, and made to serve the additional purpose of a sinking fund.

A classic case, familiar to most insurance men, dates back a number of years to a tangle which developed in the affairs of a large Chicago distributing company when a substantial stockholder died. The company was short of cash, and could not raise funds to buy the stock. It got into the hands of a group which became a troublesome minority, causing litigation for several years. Twice shy, the company insured the life of every large stockholder in the approximate amount of his holdings. Since the inception of the plan, a number of

stockholders have died, including the head of the company. Stock transfers approaching \$500,000 have been financed from insurance proceeds. At present 84 stockholders are insured for \$1,123,000.

Helping buy Exchange seats

A LITTLE faith in America, welcome in these times, is reflected in a case written by a Connecticut company. For years, a large brokerage house has made a practice of assisting capable employees to buy seats on the New York Stock Exchange. The firm advances the money, being repaid out of the employees' commissions.

In 1929, seven men, ranging in age from 28 to 37, were buying seats. Most of them had started as messengers or in clerical jobs. The market value of the seats declined, finally shrinking below the amounts still owed by some of the men. Firm in the belief that, when the depression ended, the seats again would be worth more than was owed on them, the seven young men turned to life insurance. In each case, the present value of the Exchange membership was subtracted from the amount still owing, and insurance taken out to cover the difference. The seven policies totalled almost \$1,250,000.

The year 1929 produced another striking case. For years the Universal Corporation had had a successful business, its few owners operating under an agreement that, when any stockholder died, his stock had to be offered for sale to the surviving stockholders. But a change in management brought in the largest stockholder as president. The \$200,000 which represented his holdings was more than any or all of the other stockholders could have paid if he had died. Consequently, an insurance plan was worked out, the Corporation paying the premiums for a \$200,000 policy on his life.

Saves operating capital

THE president died in 1929. The transfer of his interest was completed in less than two months. His estate received the cash, and the company redistributed the stock. A new executive took the helm. The plan had worked so well that the lives of two other stockholders were insured for \$100,000 each in the same Massachusetts company. Less than a year later, one of these policies became a claim. Without the plan, the corporation would have had to withstand the shock of two key men dying in quick succession, and of raising \$300,000 to repurchase their interests. With it, how-

ever, not a dollar of its operating capital has been diverted from its normal employment.

A letter received by another Connecticut company tells a different kind of story. It was from a trustee in bankruptcy. In part it ran:

The Blank Coal Company was adjudicated bankrupt in 1928, and the writer appointed trustee. I thought I had fully administered the estate, and a first and final dividend of 36.89 per cent was declared on June 27, 1931.

Some days later, I learned of Mr. _____'s death, and discovered that this policy was in existence. Although no premiums had been paid since 1927, the provision in the policy for automatic premium loans from cash reserves had kept the contract in force.

Your check for \$10,000, just received, has changed the situation so that the creditors will receive 100 per cent of their claims, plus accrued interest, and several thousand dollars will be returned to the stockholders of the corporation.

When it paid recently a claim for \$300,000, a Pittsburgh company dug up a story back of the case which has a familiar ring nowadays. Some years ago, a steel fabricating concern insured its president's life in that amount. Prosperous then, it became otherwise later. Twice it went through receivership. Each time the receiver kept the policy in force by means of premium loans against the reserve values, managing to pay the creditors without surrendering the policy for its cash value.

Keeps a business liquid

WITHIN three months of the time the second receiver was discharged and the company was beginning to recover its vitality, the president died. The face amount, less the previous premium loans, was paid, amounting to \$251,000. The corporation at that time really was composed of the wife, son and brother of the deceased president, none of whom knew anything about the steel fabricating business. From the insurance proceeds, debts of several thousand dollars were paid, and the remaining cash retained. Other assets also were sold for cash and the company liquidated. Something more than \$225,000 was divided among the family stockholding group of a corporation which had been in a receiver's hands three months before.

Small wonder, then, that the president of a New Jersey company recently said that "it is my view that there will be an increasing use of business insurance, particularly to retire the interest of deceasing stockholders in close corporations."

a Wonderful Value: INTERNATIONAL HARVESTER ANNOUNCES A NEW 2-TON TRUCK

AT \$ 995

for 145-in. wheelbase chassis,
f. o. b. factory (tax extra)



OFFICIAL registrations on all new trucks of 2-ton capacity and over, sold in 1932, show that better than ONE in every FIVE is an International. This is nearly 22 per cent, yet 49 other manufacturers competed for this great market. The next nearest builder sold but half as many. In the heavy-duty truck field International *leads the field*. (Figures from R. L. Polk & Co.)

There are three reasons for such preference for Internationals in a year of careful buying: (1) long-lived efficiency, (2) operating economy, and (3) matchless International Harvester after-sale service.

* * * *

AND NOW INTERNATIONAL HARVESTER OFFERS YOU THIS GREAT 2-TON TRUCK VALUE, AT \$995. Branches and dealers will be proud to show you this brand-new model, the B-4, which brings you at a remarkably low price the same high standards of quality in materials, engineer-

ing, and construction that made the International sales record possible.

The new B-4 is International-made — thoroughly modern from stem to stern. Note the brief description below. Visit one of our display rooms, get acquainted with this great 2-ton International value. And remember that International Harvester also offers parallel values in the smaller sizes, with a new Half-Ton, 6-Cylinder truck at \$360, and a popular 1½-ton model at \$615, prices for the chassis f. o. b. factory.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA Chicago, Ill.
(INCORPORATED)

Model B-4 Features

Frame: 8-inch channel type; 7 sturdy cross members.
Engine: 6-cylinder. Bore: 3 1/2-in.; stroke, 4-in.; develops 63 h. p. Removable cylinders. Counterbalanced crankshaft. Exhaust-valve seat inserts. Full-pressure lubrication. Thermostatically-controlled cooling. Down-draft carburetion. Air cleaner.

Transmission: Four speeds forward, one reverse.

Universal Joints: Roller-bearing type.

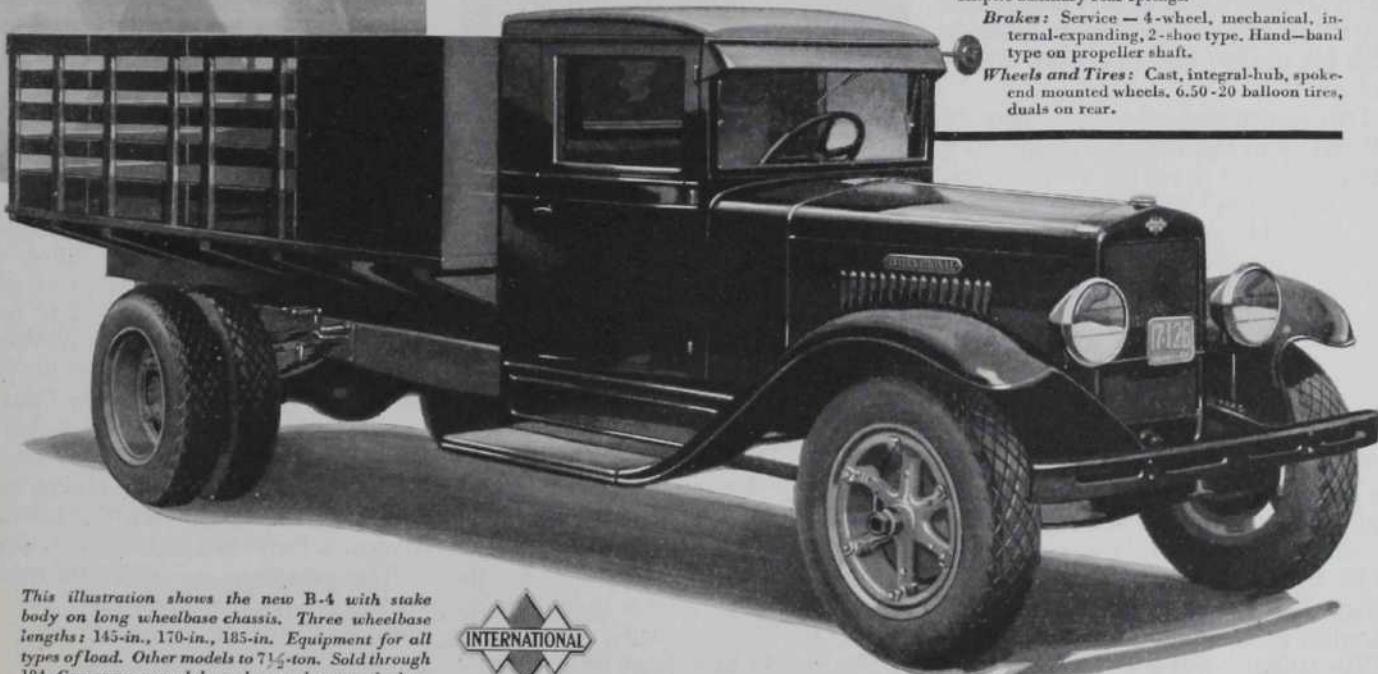
Steering Gear: Cam-and-lever type.

Rear Axle: Full-floating spiral-bevel-gear type. Straddle-mounted pinion.

Springs: Semi-elliptic front and rear, with semi-elliptic auxiliary rear springs.

Brakes: Service — 4-wheel, mechanical, internal-expanding, 2-shoe type. Hand—hand type on propeller shaft.

Wheels and Tires: Cast, integral-hub, spoke-end mounted wheels, 6.50-20 balloon tires, duals on rear.



This illustration shows the new B-4 with stake body on long wheelbase chassis. Three wheelbase lengths: 145-in., 170-in., 185-in. Equipment for all types of load. Other models to 7½-ton. Sold through 184 Company-owned branches and many dealers.

INTERNATIONAL TRUCKS

The Cost of "Backstairs Buying"

By WALTER H. GARDNER Manager, Special Sales Division, Caterpillar Tractor Co.

✓ "ANY ONE who pays list price for automobile tires must be crazy!"

"I get my golf balls through our purchasing agent at 20 per cent off!"

"She furnished her house at a big reduction—her sister's husband works in a wholesale furniture place!"

"We don't handle radios—but we can get you one at cost!"

"The firm that sells us hardware can get you an inside price on an electric refrigerator!"

Is there a familiar sound to these quotations? Most surely—all of us have acquaintances who boast of their ability to buy at an inside price; most of us on occasion have done the same thing. Some think it good business to buy in irregular channels. To others it is a game.

Pounding down prices

GIVEN a hunch that a quoted price is flexible, most of us, through a natural trading instinct, start right out to bend it as much as we can. We spend time in bartering, we turn our own automobiles into delivery trucks, we forego service and replacements rights and satisfaction guarantees and the privilege of selecting from big stocks—but we get our 20 per cent off!

Twenty per cent off what? There's a fair question. Off the catalog list price that no one ever pays? Off the price that other people pay? And how do we know that the other fellow didn't talk more shrewdly and get 30 per cent off?

It takes two persons to make a backhand deal. The customer, who has time for barter, and the seller, who is willing to swap net gain for gross volume. Perhaps the latter is a dealer in used cars, where there is no fixed price standard. Perhaps he is a storekeeper who gets his full profits on certain major lines and is willing to take what he can get on others. Perhaps he's a dealer who looks to an end-of-the-year bonus on volume as a reason for turning merchandise at less-than-normal profit.

The tragedy of the whole sorry business lies in the eventual dissatisfaction of the purchaser. Let's explain this by actual incidents.

I can buy the same tires that I use on my car at 15 per cent less than list. But I prefer to pay full price to a local

tire shop in return for the service that this shop gives. If I sally forth in the morning of a busy day to discover a flat tire, I know that five minutes after I telephone a cheerful, red-headed boy will drive up ready to make a swift change. I know that a defective tire will be replaced. I can buy standard tires at a nice discount—but the service I get for paying full price puts money in my pocket at the end of the year.

I once saw a home which was supposed to have been furnished at the rate of ten per cent off. Was the effect pleasing? Was there an atmosphere of charm? No! The host's expression was a peculiar mixture of chagrin at the effect of the furnishings, and pride in having cut the price. This man's selection was made of articles on which he could beat the retailer out of a few extra dollars. His home was not a monument to his good taste, but to his ability to locate firms from whom he could do backstairs buying.

Radio sets can sometimes be bought at something under the market—but



Employees bought for their families, their friends and themselves

little service goes along with them. If the set later needs a minor repair, the seller is likely to service it and charge royally for his work, when perhaps that service should have been freely given—or more likely he turns a deaf ear to the customer's plaint and refers him to the firm that built the set.

There is another leak—discounts to employees. One large firm used to give every employee a 25 per cent discount

on the clothing which it sold, and also on other specialties it carried in a big specialty stock. Employees bought for their families, for their friends, and sometimes overbought for themselves. Today, this practice has been discontinued—there is only a ten per cent discount for employees on purchases for their personal use. Nor has volume suffered—certainly not net profits.

Who are the offenders in this backstairs, backhand buying? It runs all the way from traveling men who swap discounts to the presidents of big companies who thoughtlessly accept special favors.

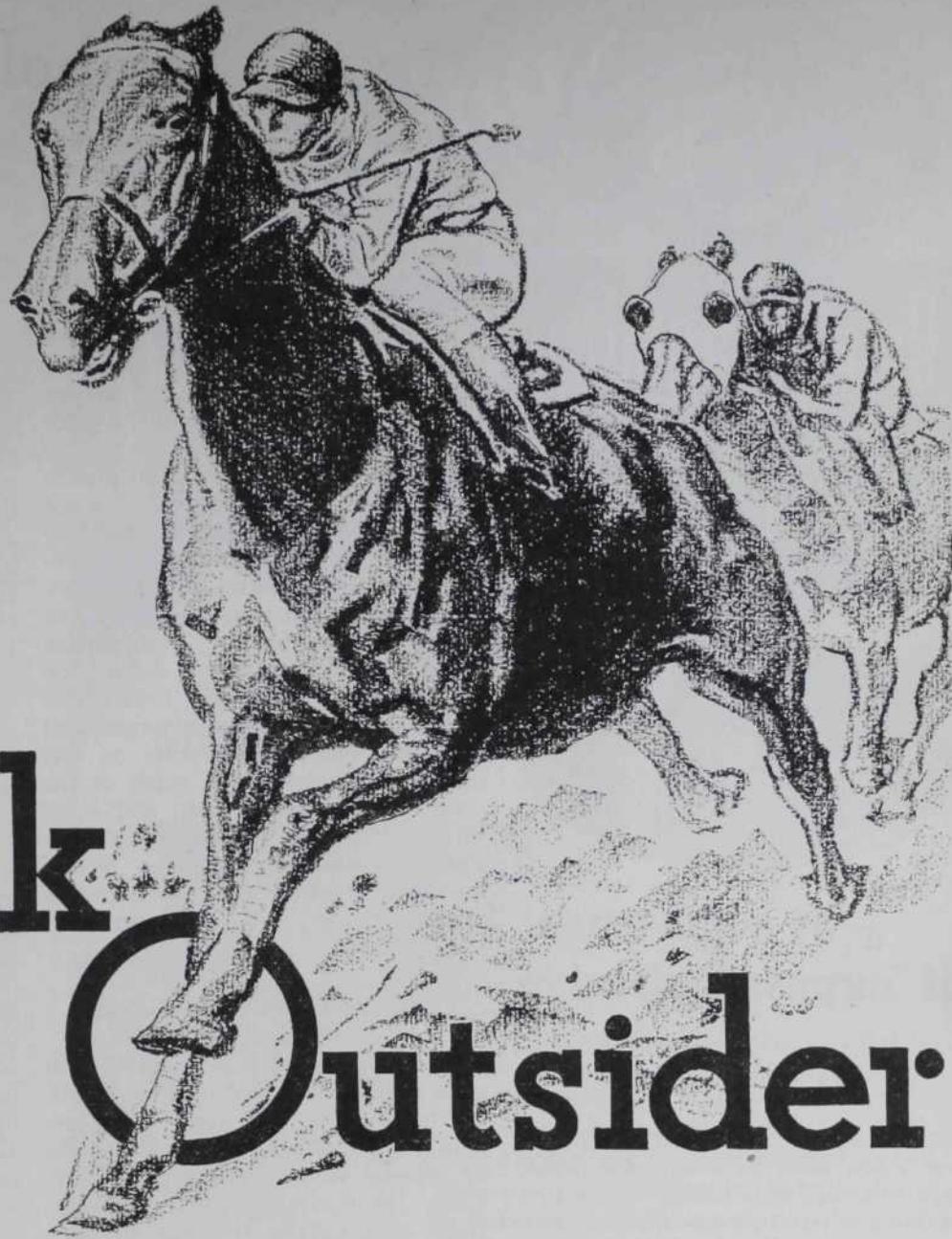
Cut prices all along

BUT the jobbers themselves don't have clean skirts. Perhaps a certain customer can only legitimately buy one line—but the door is open to him to shade prices on every item handled. The recipient of special favors almost invariably boasts of his superior influence or acumen, and the jobber is ever after in a poor position to stand on his dignity and spurn other business at backstairs prices.

Manufacturers, too. The American fetish of quantity production makes a fearsome thing out of every dam in the flow of constantly increasing production. There is always a tendency to sell goods at cost, and figure that the profit comes from the factory burden written into that cost. Many manufacturers forget that they undermine the market and sacrifice confidence of their retail outlets by ventures into backhand selling.

Here, then, is an accusation of every party to such transactions. The retail buyer sacrifices something in service or in selection—he swaps a lot of his time for a little saving. The jobber bills his goods at less than full price when he doesn't need to. The manufacturer diminishes confidence in his product. No one gains in the long run—in convenience, in profit, or in extra volume.

The next time one of us is tempted to make a backhand purchase, let him remember that he is undermining the whole structure of retail selling which, directly or indirectly, is the source of his own income. There is something wrong with the product, or with the firm which offers it at shaded prices—or with the man who buys a price instead of the product and the service that he wants.



Rank Outsider

DIFFERENT from any that ever was run, is today's fierce race for business. The track is muddy—the dope is upset. Will the favorite in your field come in an also-ran? Will some rank outsider gallop off with the purse?

The jockey can win or lose a race. Just so, the package can win or lose a market. A good product in an out-of-date package faces an untold handicap. A good product in a good container has every chance to win.

What is a good container? It is a modern container. Modern in its ability to keep a product in the condition in which it should be kept. Modern in its structural conveniences, its understanding of the consumer's needs. Modern in design, color,

beauty—and costs. Modern in merchandising instinct, shelf value, ability to sell goods and keep them sold.

There is a new technique in packaging, in the development of which the American Can Company has played a major part—and the product which fails to take advantage of it is closing the door on sales. Canco does not recommend change just for the sake of change. But it does recommend knowing what the new packaging opportunities are. And it does maintain that Canco designers, research men, engineers, are well qualified to analyze your present package—and to suggest (without obligation) such improvements as might wisely be made for the sake of sales.

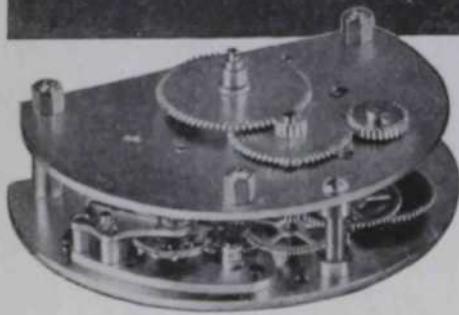
AMERICAN CAN COMPANY

230 PARK AVENUE • NEW YORK





Detex Reliability Again Increased



—by a Movement of Surpassing Design

Reliability, accuracy and continuity of the record have always been outstanding qualities of Detex Watchmen's Clocks.

Now, Detex Watchmen's Clocks are equipped with a new movement of surpassing design, fitted with Breguet hairspring, compensating balance with regulating screws and shock-resisting balance pivots. Like all previous Detex movements, it is especially designed for watch-clock use. It is 100% American made.

This new Detex Movement has the strength needed for the battering of service, the precision needed for accuracy of timekeeping. Both of these qualities combine to give a new and even greater assurance of uninterrupted accuracy and continuity of service.

● Look for the nearest Detex Dealer in the classified section of your local telephone directory under "Watchmen's Time Clocks." Representatives are located in all principal cities. Complete information on request. Approved by the Underwriters' Laboratories, Inc., and the Factory Mutuals Laboratory.

DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston
80 Varick St., N. Y. Room 800, 116 Marietta St., Atlanta

NB-5

DETEx

WATCHMEN'S CLOCKS

NEWMAN ★ ECO ★ ALERT ★ PATROL

When writing please mention Nation's Business

Mixing Alcohol and Gasoline

AMONG the more recent farm relief proposals is a plan for adding alcohol, made from farm products, to motor fuel. The plan is receiving serious consideration in several quarters. Corn-belt states are particularly interested.

It is estimated that more than five hundred million bushels of corn would be used in making the alcohol needed for a ten per cent dilution of the gasoline annually consumed here.

Since this would more than absorb the usual excess corn crop, the plan has enlisted ardent champions in corn-producing states. Bills have been introduced in the legislatures of at least two states, Illinois and Iowa, to bring about alcohol-gasoline blends. Two similar measures were introduced during the last session of Congress. Iowa State College has undertaken investigational work and has issued reports on this use of farm products. A study of the possibilities of use of corn and other surplus crops for this and other non-food purposes has also been recommended by the United States Chamber's Special Committee on Agricultural Policy.

The mixture is used abroad

THAT automobiles can operate on such blended fuel is evidenced by the fact that they are now doing so in more than a dozen foreign countries. In eight of these countries—Austria, Brazil, Chile, France, Germany, Hungary, Italy and Latvia—the use of such blends is required by law as a means for utilizing agricultural products.

There are many technical objections to the use of such fuels, however. Carburetors have to be adjusted, except for the weakest dilutions, and other mechanical changes might have to be made to obtain maximum efficiency. Problems of corrosion also arise. Less mileage is said to be obtained from the blended fuel. These and other difficulties, while serious, are hardly positive bars to the use of such fuels and are offset in a small degree by certain inherent advantages of the blended fuel, such as its anti-knock qualities.

As some one has said, this utilization of our surplus farm crops is more of an economic than a practical problem. From the economic view, formidable obstacles present themselves.

The United States, it has been pointed out, occupies a position far different from that of countries where the alcohol-gasoline blends have reached their widest use. Gasoline, in those countries, costs more than alcohol. The

countries in question import their petroleum supplies and manufacture their own alcohol.

In this country, on the other hand, we have vast stores of petroleum and it is far cheaper than alcohol.

Fuel would cost more

THUS the blended fuel would have to sell here at a premium over unblended gasoline. From the maze of conflicting statistics and estimates already made in the matter, we may select one source which places this premium, for a mixture containing 2.5 to three per cent alcohol, at from one to one and one-half cents a gallon. Whether the farmers' fondest friends, or even the farmers themselves, would voluntarily pay the difference is a question. One way of erasing this difference would be to place a higher tax on all unblended fuels, or, conversely, to reduce the tax on the blended gasoline.

Here, however, another difficulty rears itself. Unless prevented by law, marketers of gasoline could very well comply with state laws regarding blended fuel, without using alcohol made from corn. While one authority states that corn as a source of alcohol can compete freely with molasses and with synthetic alcohol so long as corn remains below 32 cents a bushel (recent farm prices have been between 10 and 15 cents), the fact remains that the present alcohol of commerce is of the molasses variety.

Opponents of the plan point out that it is the delivered price of corn at the distillery, and not the farm price, that governs. They declare that under any probable conditions alcohol can be made most cheaply from materials other than excess farm products. Blackstrap molasses, the largest present source, is a by-product of the sugar-cane industry, and its price is governed only by its worth to the alcohol producers. Depression of alcohol prices through subsidized production of alcohol from farm products, they argue, would mean merely that the present alcohol producers would pay less for molasses and thus keep their costs below those of competitors using corn.

Petroleum also supplies raw materials for the manufacturer of alcohol. At current crude-oil prices, such alcohol can be made at costs as low or lower than alcohol from any other raw material, it is said.

Also to be considered is the fact that few large commercial distilleries now make alcohol from corn. Heavy expenditures would be necessary to bring this

division of the alcohol industry up to the needed production were the alcohol-gasoline plan adopted nationally. The groundwork for such expansion is reported already being laid by several distillers in anticipation of enactment of such legislation by the states or Congress.

Some proponents of the plan cite the necessity for such expansion as a point in favor of their proposal, saying that such expenditures would create needed employment, and impairment of present investments, in both the alcohol and petroleum industries as now organized should be considered, however.

Cost is a large factor

GETTING back to cost comparisons, the current selling price of gasoline at refineries is less than five cents a gallon—taxes and distribution costs bring this up to the 13 to 20 cents the motorist pays at the pump. Actual cost of making alcohol of 95 per cent purity from molasses is put at about 20 cents a gallon and the selling price at more than 30 cents. Now it has been estimated that, to make alcohol from corn at a cost of 20 cents a gallon, alcohol plants would have to buy their corn, delivered, at not more than 25 cents a bushel. Further, 20-cent alcohol could only be made from corn by large, efficient and centralized distilleries, opponents of the plan say, and such centralization would mean that the 25-cent corn price would be subject to further deductions for freight to those central points. Even the establishment of numerous small distilleries in the corn belt, close to supplies, would avail nothing, since the higher operating costs of such plants would offset savings in freight.

The plan is a bald proposition, its opponents say, of mixing an inferior diluent costing, at a minimum, 18 to 20 cents a gallon with a product costing five cents a gallon and then finding some one to bear the added cost—in this case the motorist. It is, they say, merely a project to subsidize certain groups of the farm public at the expense of the gasoline-consuming public.

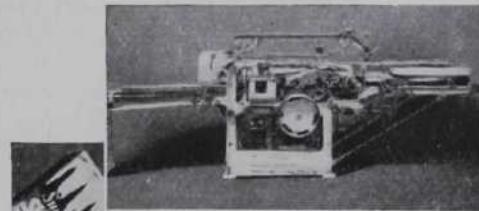
In lighter vein another argument has been brought against this use of alcohol. The thirsty would have only to shake up a few gallons of the blended gasoline with a gallon of water to separate the alcohol. There are implications in such a situation that deserve consideration.

Aside from all the pros and cons of the entire question, however, there seems a basis for the thought that some such plan may eventually be adopted. Diminishing petroleum supplies or new technical developments in the conversion process may some day make adoption of such a plan economically possible and advisable.—P. H. H.



... quickly executed

with our *Adjustable* Wrapping Machine



WRAPS ALL
THESE SIZES
..AND MORE

THE Colgate-Palmolive combination packages, shown above, demonstrate the merchandising advantages offered by our *adjustable* wrapping machine. These special packages were easily added to the regular line, and immediately produced, because of the wide range of sizes handled by this extremely versatile machine.

An adjustable machine is of great assistance to concerns whose products are packaged in various sizes. It also offers decided advantages to a manufacturer using only one size package. He can change the size of his package at any time. He can also add new sizes to the line, either temporarily or permanently, without making additional investment in wrapping machinery.

Besides wrapping an extremely wide range of sizes, our adjustable machine handles many forms of wrapping material—Cellophane, glassine, waxed paper, printed paper wrappers, etc.

Bring your Packaging Problems to Us

Our machines meet a great variety of packaging needs—economically and with emphasis upon sales values. If you are seeking new economies, or a better-selling package, consult us.

PACKAGE MACHINERY COMPANY

Springfield, Massachusetts

NEW YORK CHICAGO LOS ANGELES

LONDON: Baker Perkins, Ltd.



New Tools for the War Against Decay

(Continued from page 22)

that, if we could reduce the power consumption of one mill approximately 25 per cent, this alone would warrant the investment. We decided, therefore, to install one complete set of anti-friction bearings in our middling roller mill which we thought would be a fair representation of roller mill performance."

The resultant saving of 31.8 per cent, he explains, "exceeded our expectations."

The force of counsel which accents the practice of its own preaching is exemplified in a letter from the Illinois Tool Works:

"In the operation of our business we have, in the past three years, replaced many machine tools still called modern by their number of years in use. This policy results in two benefits, the lowest possible cost, with the best quality obtainable.

"Our business is that of supplying industry with metal-cutting tools. Our company has also, without losing sight of its present line of business, spent considerable time and money in research work for changing present products and making new products to meet the conditions of today and the future."

Steel mills offer an inviting field for modernization, as Johns-Manville suggests in a report on insulation for the arches and doors of ovens which are used to dry Bessemer converter bottoms. Actual fuel consumption records kept by an eastern steel plant show that insulation on the arch and the door saves more than 17,000,000 cubic feet of gas a year. The net annual saving, after subtracting the charges for the insulation, amounts to \$1,782.60 per oven, a net annual return of 345 per cent on the investment. The insulation paid for itself in less than four months.

Steel mills facing greater obstacles than most plants, the New Jersey Zinc Company declares, are as well painted as the plants of any other industry. The reasons are evident.

Rust is a constant maintenance factor and paint is the greatest means for combating rust. Dirt as dirt is undesirable, and dirt as a detriment to plant safety is dangerous. Painting fosters a desire for cleanliness. Paint is also an important factor in plant safety; in plant illumination; and in working conditions.

"Paint pays," as one chief engineer says, "in cold figures—and in cold cash. We're proud of the long life of our structures. You'll find little unnecessary dirt in this plant. The safety records are 20 times as good as they were 15 years ago. Our paint and cleanliness charges aren't half as great as our compensation used to be. Working conditions are definitely better."

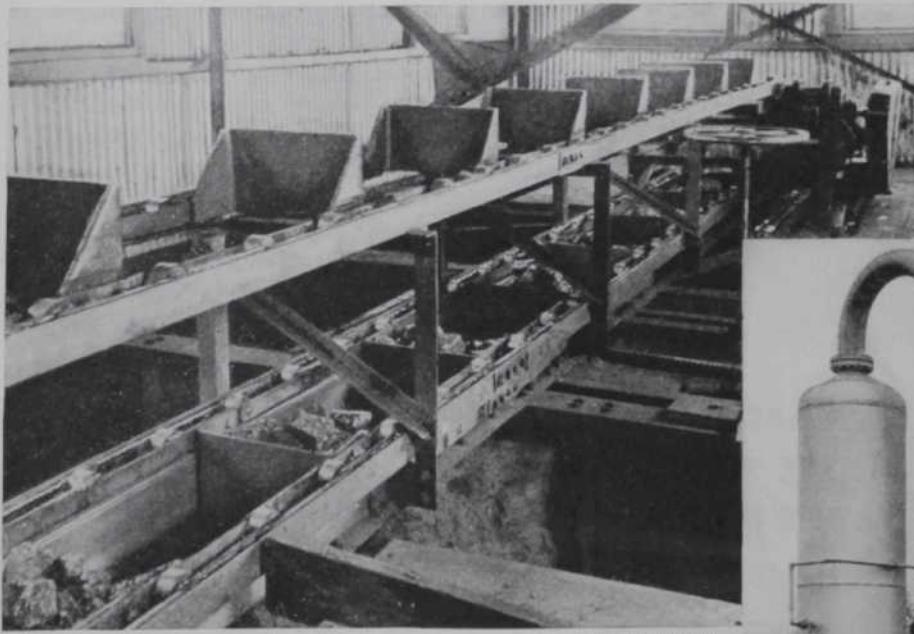
When the Judson Manufacturing Company of Emeryville, Cal., reopened its open hearth and sheet rolling mill after a shutdown of four years, the plant needed thorough rehabilitation. Facing the need for new machinery, the management "could not see our way clear to put any great amount into anything that was not absolutely necessary."

But the advantage of presenting an outward air of industrial well-being was not to be denied. Writing to the Paraffine Companies, Inc., about the use of Pabco products, a representative of the Judson Company says:

"Several hundred squares of red mineral surfaced roofing made a most attractive roof. Our eight stacks were then painted orange and black, colors we had chosen to designate our plant. All wooden exterior parts of our buildings and all fences were painted peacock blue, orange and black. We finished the office with wallboard, and painted this attractive shades of green and maroon Pabco interior finish."

"In our business," says the Mathews Conveyor Company, "modernization is the keynote. Not only do we preach this, but we apply the doctrine in our own factory—having recently purchased an automatic machine, costing several thousand dollars, to increase the output of a standard part, thereby reducing its costs and permitting this saving to be effective in our quotations."

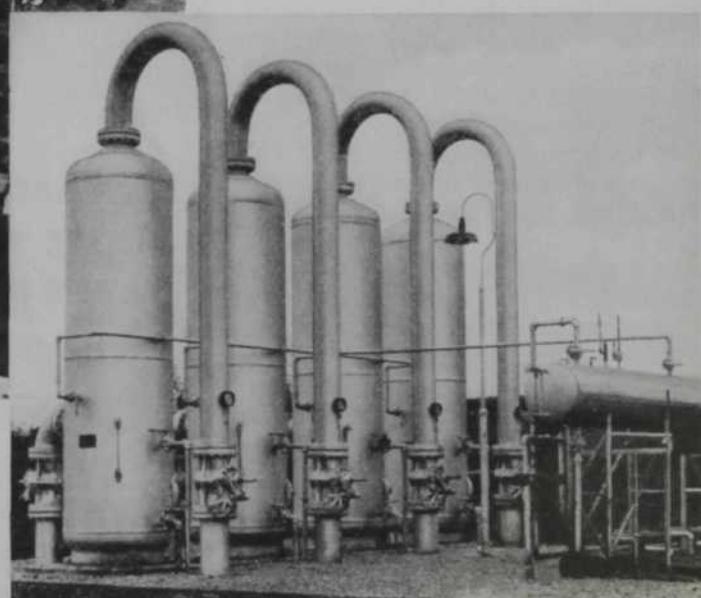
Three recent installations speak for themselves. The first includes a new development and application of Mathews conveyors in the Sharon Steel Hoop Company's plant at Sharon, Pa. The heart of the system was a twisted spout formed of case hardened rollers, the



LINK BELT COMPANY

Remodelling of the tipple of the Norwood-White Company's mine included installation of new conveyors

Dust collectors for removing dirt from gas are a new modernizing factor



BLAW-KNOX COMPANY

RIDING ON A "PASS"!

The time is 1893—or 1903—or 1913—or 1923. The place is the railroad station of your youth. Our character is an eager, bright-faced boy—watching for the "flyer" to come in. The boy, as you have surmised, is you. You, yourself, ten to forty years ago.

The "flyer" crosses the bridge. The big man of your town gets aboard. How impressed you are. *He* doesn't pay any fare. *He* travels on a "pass." *He* is a *privileged* person—exempt from a tax others must pay.

As you grow older, you wonder where railroads would get money to run fine trains, if every one rode on passes. And the railroads wondered, too, because passes pay no profits—to any one. So public riding on a railroad pass isn't done any more—economics have seen to that.

♦ ♦ ♦

The appeal of the "pass" is the lure of "something for nothing"—the magic carpet of the fairy tale. Intriguing as this lure may be, our reason forces us to realize that the law of compensation is always working—that full price must be paid when full service is rendered.

But, in times such as these, many persons—business men included—are attracted by the "pass" in another form. "Buy it wholesale"—"Get a discount"—

"Save the agent's commission." The lure of these "pass"-words is powerful. But the danger in them is a serious threat to economic security and progress.

Here is a manufacturing plant, employing workers at the American scale of wages—wages which contribute, in turn, to the prosperity of your own business. Costly research makes the product of this plant give you superior service.

Elaborate tests insure its satisfactory performance in your hands. Wholesale

and retail agents are trained to give you service. Think of the value to you—to the nation—of these very real services.

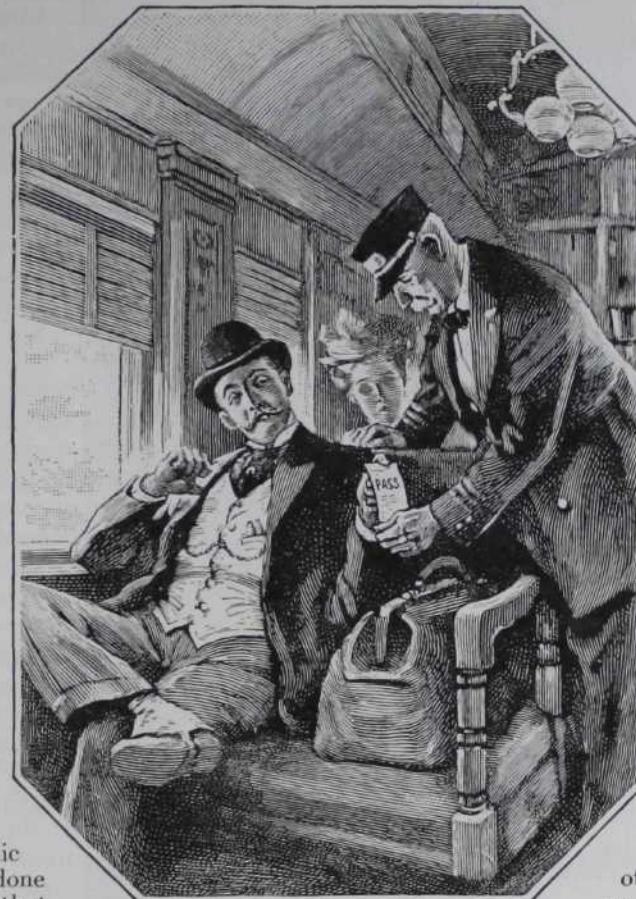
Is the imitative product offered to you riding on a "pass" at the expense of sound business? Does the second product, in claiming the privileges of the first, assume the same obligations? Is your desire to buy "wholesale" consistent with the moral American viewpoint of live and let live?

The word "profit" comes from the Latin, and means, literally, *progress*. The way to business progress—now or at any other time—is through profits, not "passes". If one business, through a policy of

saving the "commission," asks another to "pass" its profits, all business must soon descend to the same level. Then "passes" will take the place of profits—stagnation will supplant progress.

Getting a "pass" for Peter at the expense of Paul, is the modern equivalent of building a business house on the sand. The practice is neither sound economics nor sound Americanism.

Neither business nor personal life can subsist under modern conditions, without recognition of the reciprocal concession that the servant is worthy of his hire.



Reprints of this advertisement
are available in leaflet form.



THE NATIONAL BOARD OF FIRE UNDERWRITERS
NEW YORK—85 John Street • CHICAGO—222 West Adams Street
SAN FRANCISCO—Merchants Exchange Building
A National Organization of Stock Fire Insurance Companies
Established in 1866

STOCK COMPANY FIRE INSURANCE

is a dependable form of insurance, practically universal in its coverage, and consequently vital to the public interest and the social order. Stability and security and service are outstanding characteristics of stock company fire insurance, the exact cost of which is always definitely known in advance to the policyholder. No assessments can ever be levied. Competent local agents are available everywhere for prompt and efficient service to the policyholder. Look on your policy for an imprint to show it is issued by a "Stock Company."

KEEPING PACE

*with closer
production schedules!*



• Today's business presents a picture of swift change, pinched profits, close buying. Producer and distributor alike are compelled to operate on minimum margins of time and material. "Quick Delivery" has ceased to be a buyer's entreaty. It has become his command . . . and often the deciding factor in placing future business. • To keep pace with these closer buying and production schedules, Erie has not only maintained . . . but has *constantly improved* . . . its service and equipment. To serve the shipper *better* than he has ever been served before, is the purpose of the entire Erie organization.



Punctual and Dependable Freight Service to all Industries

When writing an Erie representative please mention Nation's Business

spout being used to receive hot strip steel from the mill and up-end it for coiling. Reduced scratching of the steel and losses from scrapping of spoiled strip constitute the chief economy.

When a complete system for producing sheet steel by the continuous method was installed at the Niles, Ohio, plant of the Republic Steel Corporation, a saving of five dollars per ton was realized. This saving is effected through the increased tonnage produced.

Comprehending that this is a "show me" age, the York Ice Machinery Corporation modernized the Colonial Ice Cream Company's plant at Philadelphia with a contract to make the savings pay the cost of the improvement in three years or less. The ice cream company faced the problem of increasing plant capacity 30 per cent but had little space for the additional equipment.

Saving floor space

NEW compressors of a different type but utilizing the old synchronous motors were installed. This saved approximately 1,000 square feet engine-room floor space which was later utilized for increased hardening room capacity. Atmospheric condensers were replaced with vertical sheet and tube type. Brine coolers were equipped with float-controlled ammonia feed; 70 hand expansion valves were eliminated on the hardening room coils, and an ammonia recirculating system installed.

The Norton Company, manufacturer of grinding tools and equipment, is one of the foremost exemplars of an active replacement policy. Reporting its experience through the *American Machinist*, this company says:

We watch our older equipment for signs of deterioration so that improvement in design may be adapted at the earliest time consistent with good management. Another important advantage to be gained is quicker and better service to our customers. We have made big strides in this direction in the past few years, and, while good planning, scheduling and control deserve a share of credit for this performance, it cannot be denied that more efficient machine tools will assist the best planning system. To keep the promises given to customers is one of the best ways to build up a business reputation, and a good replacement policy will help to do just that.

Good mechanics like to work with good machine tools. It therefore follows that a shop which keeps its machinery up to date will attract the best workmen. It can demand the best and get it from a satisfied group of employees. As the Norton Company sees it, "Our replacement policy has increased our capacity at least 15 per cent. Together with careful plant rearrangement, it has reduced the floor space so that we have room for a 20 per cent expansion without additional buildings."

That modernization has a universal

industrial application is suggested by the diversified installations reported by the Allis-Chalmers Company. At a plant of the Tennessee Electric Power Company a 25 horsepower, 3,500 revolution per minute motor replaced an older unit with a saving of 18 per cent to consumers in the town of Sweetwater.

An eastern industrial plant, using water purchased from a municipality, installed two Allis-Chalmers pumps, and by pumping from a river near the plant, paid for the pumps from the resultant savings in a little more than a month.

These installations indicate the savings possible by replacing obsolete and inefficient pumping equipment with modern centrifugal units. Centrifugal pumps, this company asserts, have increased from five per cent to eight per cent in efficiency since 1924.

Savings at the rate of \$10,316 a year and a return of about 30 per cent on investment in new motor equipment were recently reported by an eastern dairy, according to the Westinghouse Electric & Manufacturing Company. Previously, steam engines coupled to direct current generators provided power for the process equipment, and the ammonia compressors were driven by one motor from purchased power. Now all equipment is driven by Westinghouse motors from purchased power. In addition to the saving for power, there will be fewer interruptions of process and a material reduction in the maintenance costs because the "A. C." motors, the company says, are inherently better able to withstand the difficult operating conditions in a dairy.

A paper mill in the East recently installed a Westinghouse turbine, designed for 600 pounds pressure, 240 degrees super-heat, together with a high pressure boiler plant. This installation shows a return on the initial investment of 25 per cent.

Electrification cut costs

THE scope of possible economies by modernization in the transportation field is defined by these Westinghouse citations:

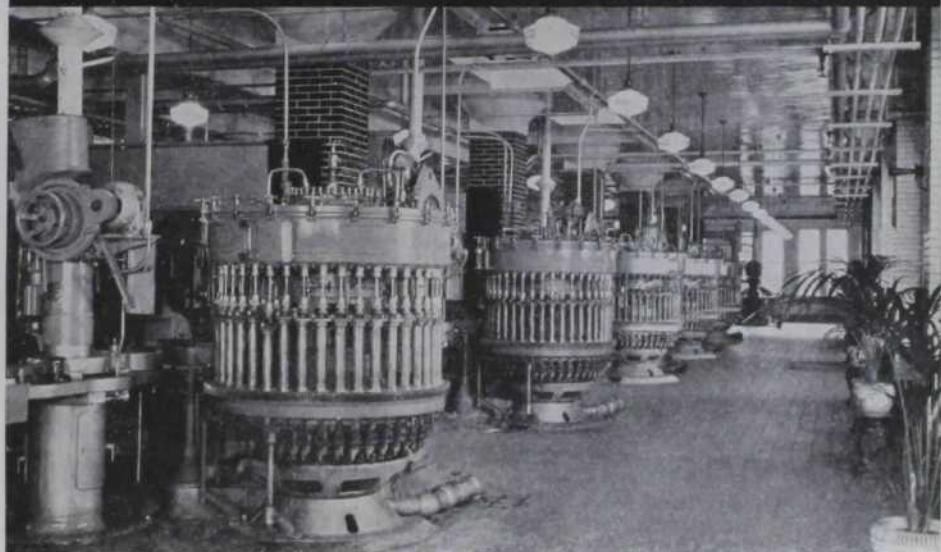
A mid-western railroad electrified the water pumping stations on one division with a resulting total annual saving of approximately \$15,000.

Three of the electric furnaces for heat treating tools in a railroad shop operating five electric furnaces showed, from the cost records, a saving annually of nearly \$7,000. Two carburizing furnaces in the forge department made an annual net saving of more than \$17,000. The tempering of high-speed tool-steel decreased the cost 25 per cent with a corresponding life of tools increased 33 per cent.

A 30 stall enginehouse and 16 pit locomotive shop had an annual

ALEMITE HIGH PRESSURE LUBRICATION SYSTEMS PLUS ALEMITE LUBRICANTS
BRING SAVINGS AND EXTRA PROFITS TO EVERY INDUSTRY!

ALEMITE LUBRICANTS *add profits to the* BOTTLING BUSINESS



Bottling equipment must run smoothly and rapidly at all times. One worn bearing may hold up production and spoil many dollars worth of liquid refreshment.

The largest majority of manufacturers of such equipment standardize on Alemite High Pressure Lubrication Systems. The Liquid Carbonic Company, probably the largest in the field, takes an extra and vital step by stating that the best results will be obtained on their equipment by the use of Genuine Alemite Lubricants.

Alemite High Pressure Lubrication

Systems PLUS Alemite Industrial Lubricants SAVE in every phase of operation. Protecting machinery at every point against unnecessary wear insures it against unnecessary breakdowns and repair bills—80% of which are due to faulty lubrication.

Alemite will demonstrate to you on your own equipment, without obligation, the tremendous savings made possible by a thorough program of Alemite Lubrication. Write direct for complete information. Alemite Corp. (Division of Stewart-Warner), 2688 N. Crawford Avenue, Chicago.

When a Few More Sales will make Such a Big Difference...

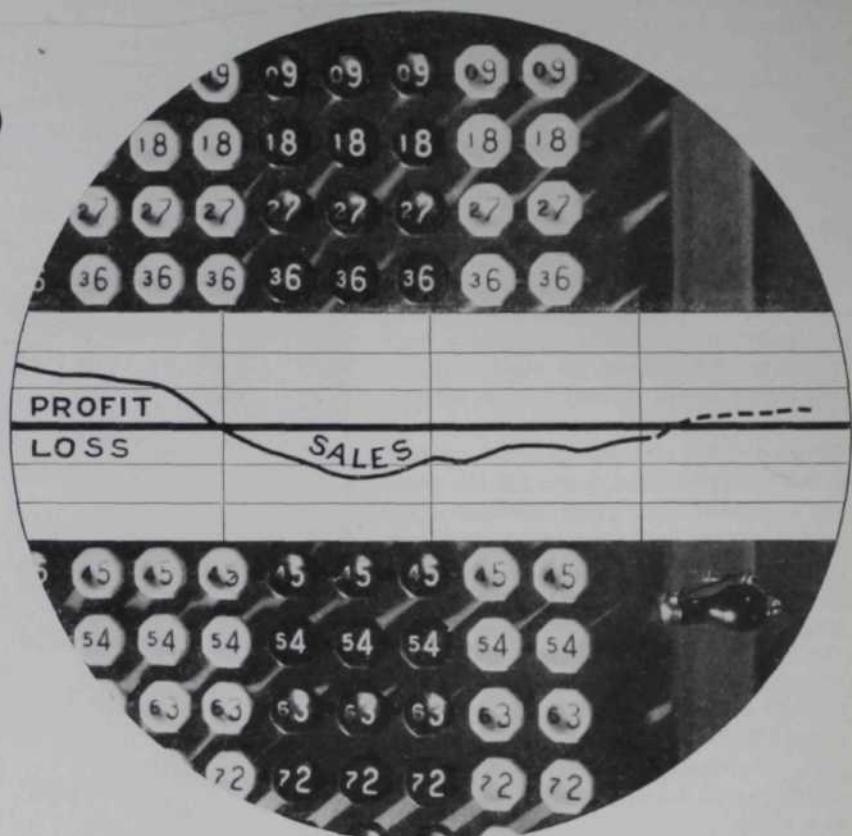
Can you **AFFORD**
NOT TO
ADVERTISE?

IF MORE SALES will keep your factory open . . . if more sales will keep your trained men on the job . . . if more sales will ease financial difficulties . . . then advertising becomes a major need . . . not an expense, but a profitable investment.

The purpose of sound advertising is to make profitable sales.

Advertising will find and influence men and firms who can buy. That's the quickest way, the most profitable way to make sales in 1933. Wisely planned and rightly used, advertising is the most potent force any executive can put to work.

For the hard-boiled fact-facers who believe in making advertising pay its way, Nation's Business is a natural medium. It provides a market of more than a quarter million identified, active business men of known standing, known interests and known income. Men who are making most of today's buying decisions.



With tested copy, tested follow-up, tested sales methods, you can advertise in Nation's Business with every confidence that your investment will bring profitable returns.

For any sales-minded executive who uses advertising to find paying prospects and to sell them when found . . . Nation's Business gives adequate coverage of the executives, directors, bankers and others who authorize expenditures. Its buying influence is out of all proportion to its circulation, and the cost is surprisingly low.

NATION'S BUSINESS

Merle Thorpe



EDITOR

WASHINGTON, D. C.



power bill of \$80,880. A 300 Kilovolt-ampere capacitor was installed at an approximate cost of \$5,000. After considering all fixed charges, the annual saving in the power bill was \$2,750, or 55 per cent on the investment. One railroad reports that electric tie tampers have effected annual savings of \$207 a mile. The Committee on Economics of Railway Labor have compiled data which indicate savings ranging from \$50 to \$435 a mile.

Efficiency of new locomotives

STUDIES by the Baldwin Locomotive Works show that, normally, a locomotive can be scrapped at the end of its twenty-first year, and a new unit paid for out of savings in the cost of repairs that would otherwise be made on the supplanted locomotive in the ensuing 21 years. In other words, even if there were no improvement in locomotives, each twenty-one-year-old locomotive could be replaced at no increase in cost.

But exact duplicates of twenty-one-year-old locomotives are virtually never purchased. A new locomotive has increased steam pressure, superheat, increased tractive power and increased boiler and firebox, resulting in the ability to turn out many more revenue ton miles or revenue passenger miles per locomotive hour and per pound of coal and water. These additional savings reduce the time required to pay for the new locomotive from 21 years to ten, eight, six or four years. If—to the purchase of new power—is added operating policies which make the new locomotive perform from 5,000 to 10,000 miles a month, entire fleets of locomotives may pay for themselves in a single year and continue to pay for themselves over and over.

Prosaic as water and steam may seem, inviting economies are possible in their use. The first step in reducing water and steam costs is to determine the quantity required. Flow meter records provide a means for accumulating and analyzing the figures. When river water has been pumped, treated, and filtered it has become a valuable commodity to be used as economically as possible. Every time a gallon of water, or a pound of steam is saved, or every time low pressure exhaust steam can be substituted for high pressure steam, power costs are reduced.

How the Champion Coated Paper Company effected a 25 per cent saving by installing 25 Republic Flow Meters is a story that reemphasizes the wisdom of modernizing.

"The check on the water used in the mill," the company reports, "has been well worth the cost. Our records show that for every 1,000 pounds per hour of 15-pound steam used to replace 200-pound steam we save approximately \$1,000 annually. A flow meter itself will not save money, but a study of the rec-

ords which the meters provided enabled us to make changes to effect steam economies.

"In the liquor making process, for example, heating to a lower temperature and using warm water from other processes, enabled us to reduce the steam consumption from 250,000 pounds a day to 15,000 pounds. In the soda-sulphate bleach room, we were able to use hot water otherwise wasted, and the steam consumption was reduced from 350,000 pounds a day to 35,000."

About a year and a half ago, the "Caterpillar" diesel tractor was first announced. Its ability to burn low-priced Diesel fuels has accounted for many sales that would not otherwise have been made, the Company explains in reporting that "one of the first of these tractors sold made a record near Arlington, Ore., plowing a total of nearly 7,000 acres at a fuel cost of only 5 $\frac{3}{4}$ cents an acre, and a total operating cost, including fuel, lubricating oils and repairs of only 7 $\frac{1}{2}$ cents an acre." Other purchasers of "Caterpillar" diesel tractors engaged in road building, rice growing, logging, contracting and other lines of work have found this type of tractor an important means of reducing power costs.

If a company having alert, progressive management decides to modernize it will find engineers and suppliers ready with designs and materials.

Time was highly important when the Baltimore & Ohio Railroad found it necessary to provide a customer with a Pittsburgh warehouse. A large, single-story building, with a 25-foot ceiling height, formerly used for light manufacturing, was available. To convert this building it was necessary to put in a second floor as well as windows in the upper brick side walls.

Steel floor saves building time

A CELLULAR steel floor of keystone-shaped beams, manufactured by the H. H. Robertson Company, of Pittsburgh, was selected, according to that company, because of its light weight, and ease of erection. The 22,626 square feet of floor were laid and welded in place in three and a half days. The bricklayers and glaziers were able to work within the building instead of on a scaffold outside, and the plumbers and electricians went to work immediately after a part of the floor was laid. No planking was necessary; thus, the fire and accident hazards were reduced.

The nature of the floor obviated any necessity for supports, and so men were able to work on the main floor, patching around new columns, constructing pits for the produce scales, and so on. The concrete surface was poured on the floor in exactly one working day. Because of the beamed effect provided by the underside, the floor was painted under-

"A REMARKABLE INVESTMENT PORTFOLIO!"



DURING 1932, when markets generally declined, securities owned by the "L-M-C" appreciated substantially in value. In the same year policyholders received \$2,726,144.61 in dividends representing an actual saving on the cost of their insurance.

If you would enjoy sound protection at a saving investigate the "L-M-C" plan for Automobile, Workmen's Compensation and other casualty insurance. Ask your nearest "L-M-C" representative for complete information on this 16 million dollar company.

LUMBERMENS MUTUAL CASUALTY COMPANY

James S. Kemper, President
Mutual Insurance Bldg.
Chicago, U.S.A.

Write for our recent financial statement containing our schedule of investments

World's Greatest Automobile Mutual



PATENTED DISTANCE

*British Patent 325,590

*Guaranteed tested to give 7 to 12 yards more carry on drive and full second shot than with the former construction.

Play the only golf ball with "Patented Distance". On par 4 holes over 385 yards you will save many an extra chip shot to the green. Silver King's patented inner lining, which insures absolute cohesion between cover and core, adds 7 to 12 yards to both the drive and full second shot. This patented construction also gives greater durability and better control.

2 for \$1.25

All prices subject to change without notice

Silver King
NEW CONSTRUCTION
KING OF THEM ALL

Low handicap players are now offered the Silver King
Plus at 75 cents—sold only by professionals.

Silvertown Lynx 45 cents

John Wanamaker New York, B'way at 9th St.
Sole Distributor in the United States



TENNESSEE CAPITOL

cuts fuel costs one half with IRON FIREMAN

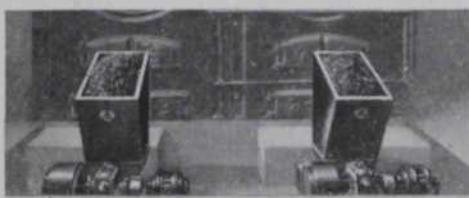
• In 1929, thrifty Tennessee installed two Iron Fireman automatic coal burners under the boilers in the State Capitol Building at Nashville.

A recent check-up at the Capitol by Radabaugh-Corbett Company, Nashville Iron Fireman dealer, shows that these machines, plus a third Iron Fireman in the War Memorial building, are saving Tennessee \$1441 a year on fuel costs. In short, a reduction in annual fuel bills from \$2894 to \$1453—nearly 50 per cent saving. In 4 years these Iron Fireman stokers paid for themselves from fuel economies alone—a return of 25 per cent per year on the investment.

Fuel Survey Sent Free

Iron Fireman has made safe, reliable coal an automatic fuel—delivering a quality of automatic heating actually superior to other automatic fuels at far less cost. A nation-wide fuel cost survey just completed shows comparative heating values for 40 principal cities. Costs are reduced to a common denominator for easy comparison. The information revealed is startling and shows at a glance why America is installing Iron Fireman!

Ask for a copy of "Comparative Fuel Cost Survey" and have your dealer make a free survey of your heating or power plant. What Iron Fireman has done for Tennessee and for thousands of business men and home owners it may be able to do for you. Iron Fireman can be quickly installed and can be purchased by the month. Use the coupon.



Iron Fireman installation in the boiler room of the Tennessee State Capitol Building. There is an Iron Fireman model for commercial boilers up to 250 H. P. and for all sizes of homes.

 **IRON FIREMAN**
Automatic Coal Burner

IRON FIREMAN MANUFACTURING CO.
3170 W. 106th Street, Cleveland, Ohio.

Send Comparative Fuel Cost Survey.

Name _____

Address _____

Residence _____

Type of business _____ NB-5

When writing please mention *Nation's Business*

neath, instead of suspending a ceiling, thus saving considerable time.

While many basic industries were operating at only a fraction of their normal capacity, the coal industry in January was steaming ahead at a rate close to 65 per cent of the high level of 1923-25. In fact, there is one industry, as *Coal Age* reminds its readers, where the depression has worked advantageously, for it has stimulated the stronger coal-producing companies to quicken their modernization programs. For instance:

Southern Collieries Co. has spent in two years \$365,000 on a program calling for a new tipple, new locomotives, mine cars and mining machines. Production has been increased 500 tons a day. The West Virginia Coal & Coke Corp. spent \$550,000 on its properties during the depression and has reduced its production cost 11.6 per cent per ton. The Crab Orchard Improvement Co., which began a modernization program two years ago, has materially improved its market position.

The Philadelphia and Reading Coal & Iron Co. has just completed its new St. Nicholas breaker, second major unit in a \$20,000,000 modernization program. One of the Inland Steel Company's mines has been completely modernized since the beginning of the depression. Considerable obsolete equipment was scrapped to obtain logical economies and lower costs. The remodeling of the tipple of the Norwood-White Company's No. 8 mine at Herrold, Iowa, is a notable example of industrial alertness.

In 1932, 33 cleaning plants were erected or modernized. Conservatively estimated, coal producers must still spend at least \$125,000,000 for new or mod-

ernized cleaning and preparation plants alone. Only 50 per cent of the tonnage that must eventually be cleaned and more adequately prepared has been provided for to date.

Wherever there is friction, there is opportunity for modernization, and cost cutting. Eloquent evidence in this behalf is provided by the Diamond Chain & Mfg. Co. The maker of a well-known cloth-aging machine found that the use of Diamond roller chain made the operation smoother and more quiet. All the rolls are turned, some in one direction and some in the other at exactly the same speed and the proper speed-ratio. A manufacturer of tiering and lift trucks applied roller chain successfully for an operation impossible by any other method. A Diesel engine builder reports that his timing with this chain was more dependably accurate than ever attained before. A rug cleaning machine manufacturer increased the value of his machine \$50 with Diamond roller chain.

"Line upon line, precept upon precept" business is steadily moving toward the understanding that its security is determined by its will to revitalize old ideas and to acquire new ideas. Buying up a smart rival won't do. A new one is bound to appear. Combining with other firms does not guarantee stability. The whole "combine" may be assailed by some industrial David. A tariff may promise safety. Yet aggressive competition has a way of scaling tariff walls.

A business incapable of receptivity to new ideas is the easy prey of obsolescence. Modernization is the antithesis of industrial *rigor mortis*. It signifies life and alertness in ideas, personnel, plant and equipment. It is the only sure way to enduring success.

What the Chamber Has Been Doing

(Continued from page 38)
terially the present high rate of governmental expenditures.

That any proposal to allow a municipality to obtain a moratorium, either under federal or state laws, is unsound in principle, would increase tax delinquencies, encourage municipal defaults, and should not be resorted to under any circumstances.

That it is unnecessary and undesirable, even if constitutional, to extend the bankruptcy jurisdiction of the Federal Government to political subdivisions of the states.

At the same time, the committee recommended that "the federal bankruptcy laws be amended to extend to those classes of private corporations which are subject to bankruptcy jurisdiction such provisions for corporate debt readjustment as will prevent undue obstruction by minority interests; expedite settlements; reduce expenses of administration; and, in general, promote the best interests of both debtors and creditors."

This report will also be submitted to

the membership for its consideration.

Turning its attention to state and local taxation, the Board adopted a resolution calling upon all members of the Chamber to cooperate actively with their local authorities in the effort to balance local budgets. This action followed acceptance of a report suggesting application of three general principles in bringing receipts and expenses into line. They are:

Current income should provide for the current operating expenditures of all governmental agencies, including expenditures for unemployment relief and payments for debt service but exclusive of capital expenditures for permanent improvements.

Conversely, borrowing for current expenditures (except temporary borrowings in anticipation of tax collections) should be eliminated.

Debt should not be incurred by any unit for capital improvements beyond its ability to provide for interest and debt retirement out of current receipts.

The Chamber's Foreign Commerce

"YOU SUPPLY THE *LINK* BETWEEN



Cabbages and

Kings!"



Oscar of the Waldorf tells how a famous hotel pleases princes, presidents, and the public, too

"YOU'VE HEARD about the 'face that launched a thousand ships', but I could tell you about the roast suckling pig that launched an Atlantic cable. Or the nobleman whose weakness was good old American corned beef and cabbage!"

"The answer, of course, is good cooking. But there's more to good

cooking than just culinary skill. Modern equipment is also vitally important. Inadequate, old fashioned units can cramp the style of the best chef ever born.

"Here at the Waldorf we rely implicitly on Monel Metal to keep our food service routine up to the minute. Monel Metal ranges, tables, warmers, dishwashers and other key units enable our kitchen staff to prepare 3400 meals a day with the least lost motion. Thanks to Monel Metal we never have to

worry about rust, corrosion or equipment break-downs. And Monel Metal's silvery smoothness has saved untold cleaning time and labor ...here, and at the old Fifth Avenue Waldorf, as well.

"So I don't hesitate to give Monel Metal great credit for the part it has played for more than twenty years in

helping us please princes, presidents and the public, too."

As with Oscar, so with many another leader in business and industry... Monel Metal gets credit for saving time, labor and money in hotels, restaurants, canneries, steel mills, laundries, dye houses and chemical plants.

In thousands of homes, too, Monel Metal lightens the burden of house-keeping cares. When used for kitchen sinks, table and cabinet tops, range trim and hot water tanks, it brings the much-desired combination of beauty and practicability. Rust-proof, corrosion-resistant, strong as steel, Monel Metal gives the modern kitchen an atmosphere of everlasting newness.

Manufacturers on the alert for new sales features are adopting Monel Metal as a standard material. Perhaps there is an unnoticed opportunity for Monel Metal in your business. May we tell you how others in your particular industry are using this modern metal?

THE INTERNATIONAL NICKEL COMPANY, INC., 67 WALL STREET, NEW YORK, N.Y.



MONEL METAL

Monel Metal is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and one-third copper. Monel Metal is mined, smelted, refined, rolled and marketed solely by International Nickel.

MULTISTAMP
REG. U.S. PAT. OFFICE

"PRICE changes, price lists, lists of materials, announcements, letters and bulletins, formerly done by typewriter or other processes, are now *Multistamped*. We are frank in stating that the various sizes of *Multistamp* equipment are perhaps *the most valuable pieces of equipment we have in our office*, from a standpoint of economy as well as service and emergency value. Many other departments throughout the organization that have a last-minute rush job to be done come to us to have *Multistamp* do it in a hurry."

Thus writes an executive in one of the firms listed below. *Multistamp* all-purpose Duplicators are speeding work in all departments, saving time and printers' bills, showing increased profits in many of America's largest concerns.

Representative Multistamp Users

American Tel. & Tel. . . Standard Oil . . . New York Central . . . Stehli Silk Mills . . . Firestone Tire & Rubber . . . Budd Wheel Co. . . . B. F. Goodrich . . . Packard Motors . . . Westinghouse Electric . . . W. & J. Sloane . . . F. W. Dodge . . . Union Pacific.

We have carefully verified facts on profits and savings from the use of *Multistamp* amounting frequently to many thousands of dollars per year. One company shows a saving on ten mill and office forms alone of \$6,650 per year! These are facts that we would be glad to show you.

Multistamp prints clear, perfect copies of anything typed, written or drawn. No type to set. No skilled operator needed. Does the work of big, expensive equipment at a fraction of the cost. Simple in construction. Weighs only a few pounds. Can be taken from office to office, from job to job. Prints on any grade paper or cardboard, on boxes, wood, metal, cloth or glass . . . any smooth surface. There are many jobs in every department of your business that *Multistamp* can do better, more profitably.

Consult Your Classified Phone Directory.
Ask for Demonstration.

—GET THE FACTS—

THE MULTISTAMP COMPANY, INC. ©1933 M. C. Inc.
529 W. 20th St., Norfolk, Virginia

I would like to see samples of *Multistamp* work. I would like to see the verified FACTS on how *Multistamp* is increasing profits, saving money for business like mine. No obligations.

Name..... Title.....
Address.....
Business.....

When writing please mention *Nation's Business*

Committee, led by James A. Farrell, submitted five reports.

One of these, a resolution in opposition to the recognition of Soviet Russia, the Board accepted. It ordered membership consideration of two others: a definite stand against "Buy National" campaigns; and a recommendation for prompt legislation to protect American wage-earners and industries against destructive competition of imports from countries having depreciated currency. Resolutions emphasizing the need for balanced national budgets; and for speedy return to the gold standard, were accepted.

As a result of this Committee's action, President Harriman also sent a letter to Secretary of State Hull summarizing Chamber views on world economic and financial questions and offering Chamber services as desired in the coming World Monetary and Economic Conference. The letter said, in part:

It would be our hope that in the World Conference discussions our delegates would hold fast to a principle of reasonable tariff protection with adequate provisions for meeting unfair competition such as dumping, convict labor and depreciated currencies and, further, with such provisions for expert adjustment of tariff rates as would tend to remove tariffs from the plane of purely political considerations.

It is hoped that the American delegates will place strong emphasis upon the necessity of removal of arbitrary and discriminatory restrictions upon international trade, and will seek to obtain for American products admission to foreign markets upon a fair competitive basis.

Freedom for American export and import trade to function outside of our domestic market unrestricted by our anti-trust laws and, so far as possible, the elimination of competition by governments in the field of private business should be supported.

Support of our merchant marine should be continued.

Budget balancing should be urged upon the governments of the world.

All possible steps should be taken to effect stability in the monetary systems of the world.

Immediate relaxation and early removal of exchange restrictions is imperative.

Price stabilization and improvement should be effected not artificially but through correction of basic conditions.

Future capital investments in foreign countries will be contingent upon removal of present exchange restrictions and creation of conditions that will give confidence.

In the field of industrial management, the Board received a report from a committee headed by P. W. Litchfield which states that, as a permanent policy "a constant shortening of the work week to permit the absorption of all wage earners displaced from industry from any cause whatsoever would be only a palliative." Dealing with the current unemployment situation, however, the committee submits a series of recommendations looking to the reduction of working time and the spreading of employment. It says further that technological displacement of workers, in comparison with the amount of unemployment resulting from declines in the general volume of business activity, is of relatively minor importance.

Another report along this same line is that of the Committee on Manufacture, headed by William L. Sweet. Emphasizing the importance of constructive measures to prevent unemployment, this group says:

All legislative measures which provide for the creation of a compulsory unemployment insurance system to be administered by the state itself, or which provide for the utilization of public funds for the payment of benefits to wage earners upon loss or suspension of their employment with private enterprises, should be opposed.

Both these reports will be submitted to the Annual Meeting for action.

Proposals looking to the application of sound conservation policies to natural resources, especially oil and timber, submitted by the Natural Resources Committee, were approved by the Board for submission to the membership at the Annual Meeting. It also approved for submission a resolution presented by the Ohio State Chamber of Commerce proposing that caution be exercised in committing the Federal Government to the so-called Tennessee River project and in setting up unemployed labor camps.

The Board referred to committees for consideration proposals to discontinue the federal tax on checks, to reduce the three-cent letter postage.

Merchants Who Are Making Good

(Continued from page 34)

put by a complete reversal of form and the establishment of both independent and chain methods of selling.

George C., one of four independent grocers in a city of 5,000, found his volume declining shortly after the advent of two chain stores. He began some serious figuring in the matter of better buying facilities and price reductions. When he was about ready to adopt chain store methods in their entirety,

the thought occurred to him that, by careful procedure, he might continue as an independent but, at the same time, offer his customers the chain store advantage of cash and carry prices—if they wanted it.

He remodelled his store along chain store lines, with open shelves and counters, but with each article carrying two prices—one the cash and carry price, the other a price for service, or credit and delivery. The customer might shop

In Collier's a new leader has appeared among magazines—a leader, designated as such by a modern-minded American public.

THE CROWELL PUBLISHING COMPANY

Forward

In the brief space of time since March 4th the thinking in this country has changed. People have regained their confidence. They have an entirely new viewpoint on their government—their business—themselves.

Thinking leadership! That stimulus which started things rolling in Washington has its counterpart in every section of this country.

In every city . . . in every town . . . in every village throughout America there is a certain group around whom the thinking of that community revolves.

They are not all of equal wealth . . . age . . . social position. Some are lawyers . . . merchants . . . business

men . . . employees of stores and factories. But all the progress that society has made or will make depends on them.

Only a magazine that reflects the fast thinking and action of today can hold their interest and respect. The young-minded, aggressive men and women who are doing things, like Collier's and read it thoroughly. It stands for the same open-mindedness and constructive change that they do.

What they read in Collier's is repeated, discussed, debated, advocated.

What is advertised in Collier's becomes the preference in American buying.

Collier's

THE NATIONAL WEEKLY



This Is No Time for Business *To Rest* on Its Oars!

WASHINGTON has acted promptly in dealing with urgent issues—the banking situation, reduction of public expenditures, unemployment relief....

But that does not mean that business can *now* adopt a passive attitude and say, "Let government do it; government can do the job!" Far from it.

Virtually all of today's problems are business problems. Their solution requires *business judgment*—the judgment of business men everywhere working together.

To obtain the views of business and to present these views accurately to Congress and to government officials—that is the function of the Chamber of Commerce of the United States—the purpose for which it was established.

IN OTHER critical periods, the National Chamber has proved its effectiveness. Today it is making a contribution to business and to the nation, the importance of which can hardly be overstated.

Here, for instance, are some of the problems on which this nation-wide organization is vigorously at work:



The National Chamber, through the efforts of its members and directors, is getting at the bottom of the *big* problems of business, which in themselves are the basic causes of so many other economic ills.

1. Changes in Banking Laws
2. Bankruptcy Legislation
3. Changes in the Federal Budget System
4. Railroad Legislation
5. Depreciated Currencies
6. National Agricultural Policy
7. Working Periods in Industry
8. Unemployment Reserve Proposals
9. National Conservation Policies
10. Proposed Government Development Projects
11. World Monetary and Economic Conference
12. Reduction of Government Expenditures—National, State and Local
13. Modernization of Antitrust Laws
14. Elimination of Government Competition with Legitimate Private Business

If you would like to apply for membership in this organization, write for the booklet, "MEN WHO SERVE YOU"

Chamber of Commerce of the United States

WASHINGTON · DC

for herself, leaving her purchases at either the cash and carry counter or the service counter, depending upon whether or not she wished to carry them with her or have them delivered. She paid, for example, 39 cents for coffee in the former case, and 43 cents in the latter. In the former, she paid an amount equal to current chain store prices; in the latter, about five per cent more than the cash price for the various services of credit, bookkeeping, billing, collecting and delivery.

Mr. C. used a direct mail advertising campaign to announce the new policy, explaining the reasons for the change and the advantages of being able to shop in a two-price store. The idea was intriguing. His volume increased, until now, instead of being an average grocer in his city, he is well in the lead. One of the interesting outcomes of the new venture has been the shift of a considerable percentage of customers from the credit to the cash side of the ledger.

Some keep their profits up

NOT all of the success in recent merchandising has been based on competitive practices, however. In many instances the merchant has carried on with little or no attention to anything but his own business. A survey of 1,221 hardware stores, for example, showed that 447 or 37 per cent of them obtained an average profit of four per cent on sales and 7.24 per cent on investment in 1931. This record would be considered good during a normal year.

Such a showing was due in large part to a higher margin of profit and a lower expense per dollar of sales. Business control was in the saddle and, as a result, there was greater sales efficiency, more rapid stock turn through planned selling and a hawk-like watch over credits.

An interesting sidelight is the fact that those dealers in cities of more than 10,000 required much less capital per dollar of sales, low receivables being a contributing factor.

These same factors of good margin, expense control, wage adjustment, lower rent, increased sales per employee, rapid stock turn and planned selling can be said to have contributed to the success of merchants in other lines than hardware.

As a natural result, while certain aspects of the future may be somewhat uncertain, the prospect of continuing as a going concern is not keeping these merchants awake at night. They have learned from experience in times of national stress the fundamental principles of good merchandising and have proved their ability to carry on. In short, the merchant who is making good today is the one who is able to see and take advantage of the many opportunities that lie about him.

SEVENTY YEARS IN BUSINESS



SUMMARY OF 1932 STATEMENT

AT the close of business December 31, 1932, the Company showed total admitted assets of \$639,455,691.51, an increase of \$18,177,558.42 over the previous year.

After providing for all known liabilities, including legal policy reserve of \$529,438,050.00 the Company increased its special Contingency Reserve for Adjustments to \$13,500,000, and its General Surplus or Safety Fund to \$44,070,619.91, making a total Emergency Fund of \$57,570,619.91.

During 1932 the Company paid to its policyholders and beneficiaries \$105,329,161. Total payments to policyholders since organization amount to \$874,634,682.

The Company continues its dividends to policyholders during 1933 on the same scale as for 1932, setting aside for this purpose a Reserve of \$20,302,419.

New Insurance Paid-for in 1932 amounted to \$560,267,147. Insurance in Force at the end of the year \$3,456,578,156.

John Hancock
Inquiry Bureau
197 Clarendon St.
Boston, Mass.
N.B. 5-33

Please send me your booklet covering
personal insurance problems.
Name.....
Address.....
City..... State.....

ATTEND:

Twenty-first ANNUAL MEETING

of the Chamber of Commerce of the United States

WASHINGTON • D C

MAY 3 to 5, 1933

TODAY'S PROBLEMS will be presented by outstanding speakers, and will be made subject for general discussion. Out of this meeting will come recommendations representing the unified viewpoint of business as to emergency and long-range courses that should be taken.

The length and breadth of America make a strong base



BANKERS TO INDUSTRY EVERYWHERE

STABILITY

Extending an essential service, in every State, to selected merchants and manufacturers in over 80 lines of trade, the C. I. T. institution is dependent on no single industry, section or client for its financial stability.

Products which the Company finances are used in homes and shops, in mines, mills and factories. Diversified financing is a basic policy of the C. I. T. organization. By serving many industries our capital funds are kept more steadily employed, and in consequence C. I. T. offers dependably low financing costs to all clients.

COMMERCIAL INVESTMENT TRUST INCORPORATED

Executive Offices: One Park Ave., New York

Affiliated Operating Companies with Head Offices in New York — Chicago — San Francisco — Toronto, Canada.
Also Completely Functioning Local Finance Offices in the Principal Cities

Unit of COMMERCIAL INVESTMENT TRUST CORPORATION—CAPITAL AND SURPLUS OVER \$70,000,000

Things Talked about in Wall Street

By a Staff Writer of NATION'S BUSINESS

NEW YORK, APRIL 10

At a dizzy pace

 THE first few weeks of the new administration left Wall Street more than a little dizzy. To have all the banks of the country closed at once, to have them reopened piecemeal with a prospect that some will never reopen and others only after drastic changes, to have bills for farm relief, for refinancing farm mortgages, for regulating security issues, for realigning the railroads—all this with hardly time to think between sensations, plus the tremendous amount of extra work entailed by the runs that preceded March 4 and the extra work caused by the bank holiday, left Wall Street worn out both physically and mentally.

Too fast for safety?

SAID a banker:

"You've been in a car caught in a traffic jam where you could neither go forward nor back? Then suddenly the jam broke and you found yourself shooting ahead on a comparatively clear road.

"For awhile it was a great feeling—to get action, to shoot ahead. Then you discover that the speedometer is around 65 and the grade is downhill and you begin to wonder if you aren't going too fast.

"Well, that's the way I feel. When the President ordered the banks closed and then permitted them to reopen cautiously, we all breathed more easily. We had a sense of freedom and progress.

"Then we discovered that we were going very fast again, too fast for safety, perhaps, too fast to be sure of our route."

How to strengthen banking?

IT IS probably fair to say that "Wall Street," using that phrase to mean the large New York banks, would welcome banking legislation that would tend to bring all banking under some centralized control.

But opinions as to the ways of accomplishing that end are almost as

many as there are bankers. One man wants a strong central bank with strategically placed branches and would have no bank incorporated with less than \$1,000,000 capital.

Another suggests compulsory membership in the Federal Reserve System, but would recognize the need of the smaller community for its own locally owned bank.

Small but safe banks wanted

HERE'S the way one man expressed his view:

"Why would it not be possible to bring all banks into the Federal Reserve, to refuse incorporation to any bank with a capital of less than \$25,000 plus a surplus of at least the same amount. Perhaps that figure should be higher.

"Proper use of, and reliance upon, the Federal Reserve system would enable that small bank to escape some of the pitfalls of the small bank in the past and yet retain for its community a certain bank autonomy which it would lack if the only banking facilities were afforded by a branch of a bank 100 or 1,000 miles away."

Buying better bonds

"I THINK," said a banker half in earnest and half in jest, "that what should be done to help our banking system most is to abolish the bond salesman.

"A banker in a small community may be a sound judge of local credit, may handle his dealings with the home folks most skilfully, and still lack the experience and the background which make him a good judge of long-term investments.

"Such a man might be easily misled by a persuasive 'high pressure' bond salesman whose job in life is selling the securities issued by a single house.

"Why shouldn't the small community banker have some sort of buying agents in the financial centers who could help him select his long-term investments? The department store owner in New York is represented by a buying agent who watches the trend of fashion in color, form and fabric, who is able to

couple his judgment of a sound purchase with the judgment of his principal as to what will sell in the particular community."

Make haste more slowly

WALL Street welcomed the Chamber's suggestion that more time be given to the consideration of the new securities bill.

There was no disposition to question the need for more careful regulation of the issuance and sale of securities, but there was also a feeling that the proposed measure was loosely drawn and that it might work grave hardships without effecting its real purpose.

No more prospectuses?

I ASKED a bank executive who is a director of several large companies whether he would sign the prospectus if one of the companies with which he is connected wished to issue securities under the new law.

"I would not," he replied emphatically. "I could not be sure of the infallibility of statements prepared by even the most expert of accountants and I could not afford to be financially responsible if an error crept in."

Under the English law

CRITICS of the securities bill, said to have been drafted at least in part by Huston Thompson, thought that it was unfair to directors and that more attention might have been paid to the English Companies Act. That law lays down the duties of directors in these words:

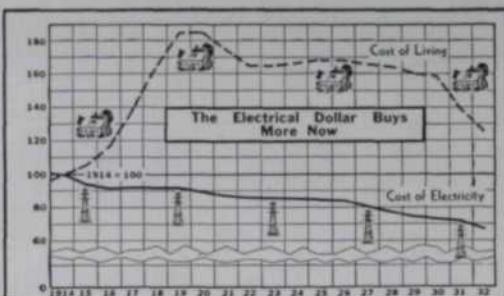
Every person who is a director of the company at the time of the issue of the prospectus shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus for the loss or damage they may have sustained by reason of any untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved . . . that, as regards every untrue statement not purporting to be made on the authority of an expert or of a public official docu-

"W A FAIR QUESTION -

Why haven't electric rates come down as much as the cost of living?"

ELECTRIC RATES have come down *more* than the cost of living, if the period since 1914 is considered. Electric domestic rates are 33% lower now, while the cost of living is still about 25% higher.

The decline in rates cannot be so sharp as the recent drop in living costs, because utility expenditures consist largely of charges which cannot be reduced. Such a charge is *interest* on money loaned by bondholders for construction. Another is *taxes*, which have in-



creased twice as fast as revenue during the past two decades and which now take more than ten cents of each dollar of revenue.

Rates per unit of use will continue to go down automatically as customers increase their use.



Associated Gas & Electric System

61 Broadway, New York

EXECUTIVES

because they carry more funds when traveling than most people, have a greater need to be sure that their funds are safe from loss or theft.

AMERICAN EXPRESS TRAVELERS CHEQUES

For sale at banks and Express offices



The Brewing Industry is Buying Now!

Now is the time to become closely acquainted with every move made in this important market.

THE BREWING INDUSTRY is the bible of this field—the national newspaper of the Brewing and Allied industries.

Subscribe now—and receive FREE a complete, accurate list of breweries and operating personnel.

Then tell these prospects about your product in The Brewing Industry.

Brewing Industry Publications, Inc.
475 Fifth Avenue, New York, N. Y.
Here's \$2. Enter my subscription for one year and send at once WHO'S WHO IN THE BREWING INDUSTRY.

Name _____
Firm _____
Address _____
Title _____

"You'll have to SEE THE purchasing department"

Through advertising in **NATION'S BUSINESS**

you can reach the executives who approve or reject the purchasing departments recommendations!

ment or statement, he had reasonable ground to believe . . . that the statement was untrue.

Divorcing security affiliates

THE statement by W. W. Aldrich, who succeeded Albert H. Wiggin as head of the Chase Bank, didn't produce as lively a display of fireworks as expected. Wall Street reporters tried to find in it a war between the Rockefeller and Morgan interests, but other and more engrossing news crowded the "war" off the front pages and into oblivion. The Chase Bank had already gotten rid of its security affiliate as had the National City and to that extent was entitled to look virtuous.

There was some questioning of the wisdom of the declaration by Mr. Aldrich:

"No officer or director nor any member of any partnership dealing in securities should be permitted to be an officer or director of any commercial bank taking deposits."

Which led to this question:

"If Thomas W. Lamont should cease to be a member of the board of the Guaranty Trust Company, who would suffer most, the Guaranty Trust Company or J. P. Morgan & Company?"

It is known that Mr. Morgan himself has not been particularly friendly to members of his firm being on bank boards. It takes too much of their time, he feels.

Unliquid government paper

IT SEEMS to me—and this is a business man's point of view, not a banker's, though many bankers will agree—that the Government and its financial policy really brought about the bank crisis by forcing short term obligations on the banks beyond what they could absorb.

Back of that, of course, was an unbalanced budget. As the deficit grew there were increasing demands upon the banks to buy short term governments. The banks took these in greater and greater amounts, believing that the government obligations would be turned into cash by the Federal Reserve Bank the moment a need arose. In other words, the banks felt that they were increasing their liquidity.

Then came a series of shocks beginning with the Detroit bank holiday. Unprecedented demands were made upon the banks for cash and the banks in turn made unprecedented demands upon the Federal Reserve Banks for cash in place of their government short terms. Shortly a large part of the government debt would have been turned into cash.

Then the New York Federal Reserve withdrew from the market for government certificates and the banks found that their supposedly most liquid assets

(next to cash) were as unliquid as anything else. The nationwide closing followed.

Draining the banks

WHAT way to permanent betterment can there be except through a balanced budget and a stoppage of the continual drain from the banks into the Federal Treasury to meet the deficit which grows from day to day?

A considerable part of the drain has been to supply funds for the Reconstruction Finance Corporation to support banks and other institutions which were unsound and which must inevitably die and whose death should not have been put off. In short the sounder the bank was the more it was called upon to submit to a transfusion of blood for the benefit of a patient who couldn't possibly recover.

There is no real movement for recovery that doesn't start with a balanced federal budget.

Not so long ago anyone who said that the great United States of America was fast headed towards bankruptcy was looked upon as an alarmist or a traitor. Now the president of the United States uses the word.

Given a balanced budget, it will be possible for the United States to sell, slowly perhaps, a substantial amount of long term securities to supplant temporary issues which were used to make up the constantly increasing deficit.

Given those reforms of public finance, we could successfully go ahead cleaning out the bad places in private financing. With those two things accomplished we can hope for a revival of confidence, a revival of trading and a consequent revision of value without such an issue of money as will artificially raise prices by making people suspicious of money and eager therefore to trade their money for things.

The safety of banks

WITH all the talk about the great losses in bank failures in this country here's a figure that's interesting: Since 1864 the losses to depositors in failed National Banks have been only 20 per cent.

Depositors in failed banks in other words have got back 80 per cent of their deposits.

Closed banks beat investments

SAID a rich man who had lost heavily in his business and in his investments:

"I'd have been much better off if I'd sold out everything in the fall of '29 and put all the money in the Bank of the United States.

"I'd have got 65 per cent or more back and that's a whole lot more than I've got now."



Guaranty Trust Company of New York

THIS BANK has served American business for nearly a century, and numbers among its depositors many of the country's leading organizations. It affords its customers the advantages of complete national and international banking facilities and comprehensive trust service.

140 Broadway

Fifth Avenue at 44th Street

Madison Avenue at 60th Street

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LIVERPOOL

PARIS

HAVRE

BRUSSELS

ANTWERP



A \$3,000 Nap

Honest, trustworthy, was this watchman's record—yet, the "human element" took a costly toll—just as it does in hundreds of other similar instances.

Remember that your own plant is not inviolate. That where the boundary lines are unprotected—trespassers, thieves, and malicious intruders may enter at will—tools and valuable material can be removed with but little effort.

Fortunately—the problem, though serious, is easily solved—dependable Cyclone Fence can rapidly and effectively be installed. Economical, too, because this superior safeguard costs so little per year of service without annual upkeep expense.

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Cyclone Fence Company

General Offices: Waukegan, Illinois

SUBSIDIARY OF UNITED STATES STEEL CORPORATION

BRANCHES IN PRINCIPAL CITIES

Pacific Coast Division:

Standard Fence Company, Oakland, Cal.



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○ Telegraphy	○ C. P. A. Coaching
○ Rail. Station Mgm't	○ Business English
○ Office Management	○ Commercial Spanish
○ Paper Salesmanship	○ Public Speaking

LA SALLE EXTENSION UNIVERSITY
Dept. 6374-R Chicago

Business' Book of the Month

STAR SOME months ago I was talking to Bernard M. Baruch in his office in the Equitable Building. He had talked, forcefully and interestingly, as he always does, of current conditions.

Rather suddenly, he said: "You must have known Blank."

I said that I did, and Baruch went on:

"Blank once made me read a book that I always felt had a great deal of influence on my career. It's Mackay's 'Extraordinary Popular Delusions,' which was first published in 1841."

Now the book has been reprinted by L. C. Page & Co. of Boston with a foreword by Baruch himself.

The majority can be wrong

JUST how it influenced him he didn't explain. Perhaps he learned from it that crowds are usually wrong; that the time to buy is not when everybody else is buying or to sell when everyone else is selling.

There is a good bit of Baruch philosophy in this extract from the foreword:

I have always thought that if, in the lamentable era of the "New Economics," culminating in 1929, even in the very presence of dizzily spiralling prices, we had all continuously repeated, "two and two still make four," much of the evil might have been averted. Similarly, even in the general moment of gloom in which this foreword is written, when many begin to wonder if declines will never halt, the appropriate abracadabra may be: "They always did!"

Every chapter of Mackay's massive book (there are 700 pages in this reprint) is worth reading, but the first three, The Mississippi Scheme, The South Sea Bubble, and The Tulipomania, seem more to fit present days.

The tulipomania

LOOKING back over 300 years the speculation in tulips seems the maddest of all, but how unlike the period in the United States which culminated in October, 1929, is this description of Holland 293 years earlier:

The demand for tulips of a rare species increased so much in the year 1636, that regular marts for their sale were established on the Stock Exchange of Amsterdam, in Rotterdam, Harlaem, Leyden, Alkmar, Hoorn, and other towns.

Symptoms of gambling now became, for the first time, apparent. The stock-jobbers, ever on the alert for a new speculation, dealt largely in tulips, making use of all

the means they so well knew how to employ to cause fluctuations in prices.

At first, as in all these gambling mania, confidence was at its height, and everybody gained. The tulip-jobbers speculated in the rise and fall of the tulip stocks, and made large profits by buying when prices fell, and selling out when they rose. Many individuals grew suddenly rich.

The prices of the necessities of life rose again by degrees: houses and lands, horses and carriages, and luxuries of every sort, rose in value with them, and for some months Holland seemed the very antechamber of Plutus.

The operations of the trade became so extensive and so intricate, that it was found necessary to draw up a code of laws for the guidance of the dealers.

How much madder Amsterdam than New York three centuries later?

Here's Paris in 1719:

People of every age and sex and condition in life speculated in the rise and fall of the Mississippi bonds. The *Rue de Quincompoix* was the grand resort of the jobbers, and it being a narrow, inconvenient street, accidents continually occurred in it, from the tremendous pressure of the crowd. Houses in it, worth, in ordinary times, a thousand livres of yearly rent, yielded as much as twelve or sixteen thousand. A cobbler, who had a stall in it, gained about two hundred livres a day by letting it out, and furnishing writing materials to brokers and their clients. The story goes, that a hunchbacked man who stood in the street gained considerable sums by lending his hump as a writing-desk to the eager speculators!

Like our own speculation

I REMEMBER riding uptown in a New York subway train late one afternoon in the fall of '29. It seemed to me that every occupant of the car was reading the market page of the newspaper, stopping now and then to figure what had happened or what might have happened "if." Not unlike Paris of two centuries earlier.

Not all Mr. Mackay's book deals with speculative manias. There are chapters on such "crowd delusions" as the rage against witches, the acceptance of alchemy as a royal road to wealth.

A book worth a bit of a business man's time. And he'll find it interesting, too.

To quote Mr. Baruch again:

Without due recognition of crowd-thinking (which often seems crowd-madness) our theories of economics leave much to be desired. It is a force wholly impalpable—perhaps little amenable to analysis and less to guidance—and yet, knowledge of it is necessary to right judgments on passing events.



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C*This is one of a series of editorials written by leading advertising men on the general subject of advertising*

Getting the President Back into Advertising

★ TWENTY-FIVE years ago business was much less complex than it is today. A manufacturer or merchant concentrated on buying or producing advantageously. Business men used all their ingenuity and thought to sell goods at a profit.

Competition came. Both merchant and manufacturer looked for a sharper selling tool. Advertising came into the picture and created a greater demand. It brought new customers for it told what was for sale, where it could be bought and how priced. It explained the merits of goods and fitted the product into the lives of the prospects. Becoming a continuous selling force, it made money for manufacturers and merchants alike.

Advertising was a great power in changing the habits of the nation. It made people know that those who had a good product would tell them about it. This generation has been brought up to believe that, for it is the truth.

Not only do manufacturers and merchants want to sell today, but we have a generation educated to expect that business houses will tell about their products through advertising. There is plenty of money in this country—more than \$38,000,000,000 in the banks including some \$24,000,000,000 in savings accounts scattered among 44,000,000 depositors. Most folks have money, which means that they can buy what they need.

The owner or president put advertising successfully into the business twenty-five years ago. He can do it today. Creating demand, making known, telling about your products—that is advertising. It is a big man's job—the most important one in a going business. Presidents—step in—it will make your business go—you will enjoy it—it will make you money.

JOHN F. SWEENEY, President
The Sweeney & James Co.



NEEDED . . . Steady Hands

Steady hands and nerves are needed today more than ever. That is why so many business executives are switching to SANO (with less than 1% nicotine). They smoke just as much—they *enjoy* smoking just as much, but they protect their personal assets by smoking less nicotine.

Try SANO yourself for two weeks. Notice the improvement in the way you *feel*, the way you *look*, the way you *sleep*, and the way you *work*.

SANO is sold by all the finest hotels, clubs and tobacconists. If your dealer cannot supply you send \$1. to us for 7 Invincible cigars. Money refunded if SANO is not satisfactory.

Let us take out most of the nicotine . . . you take out all of the enjoyment.

HEALTH CIGAR CO., INC.
81 Washington Street, New York

Makers of SANO cigarettes and pipe tobacco

THE NATIONAL BROADCASTING COMPANY

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from Saturday evening to

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Visiting Washington?

Since the fourth President before Lincoln, famous men's letters and books have mentioned the hospitality of

The WILLARD HOTEL

"The Residence of Presidents"
Washington, D. C.
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This *Sound* Economy is worth anybody's attention *these days*



AFTER these three years of scaling down it's harder now to find safe and sound economies.

Hundreds of thousands of car owners, home owners and employers have found a substantial and welcome saving in insurance costs—through insurance in *mutual* companies.

The *mutual* form of insurance is older than any other and differs from all others in certain respects. Rates are the same—legal supervision is the same—the same reserves guarantee the utmost in protection, but the *mutual* company returns to the

policyholder the unused part of the premium after the year's operation. Such returns, paid as dividends to policyholders, effect a considerable net saving.

To accomplish these results a *mutual* company uses care in selecting risks—operates economically—helps its

policyholders avoid all unnecessary accidents.

The 23 member companies of the Association of Mutual Casualty Companies have been notably successful in this regard. These companies have returned substantial dividends year after year—a total of over \$40,000,000 in the past three years.

The fact that thousands of the leading industrial corporations of the country are insured in Association companies indicates the quality of the protection and service they offer. Yet the same advantages sought by these large buyers are available to any responsible car owner—any employer.

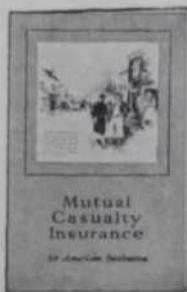
Write today for a list of the Association companies—and an interesting booklet explaining the *mutual* plan.



This Seal identifies a member company of The National Association of Mutual Casualty Companies and the American Mutual Alliance.

MUTUAL CASUALTY INSURANCE

Sound and economical protection on following risks: accident • automobile (all forms) • burglary and theft • fidelity • liability (all forms) • plate glass • property damage • workmen's compensation



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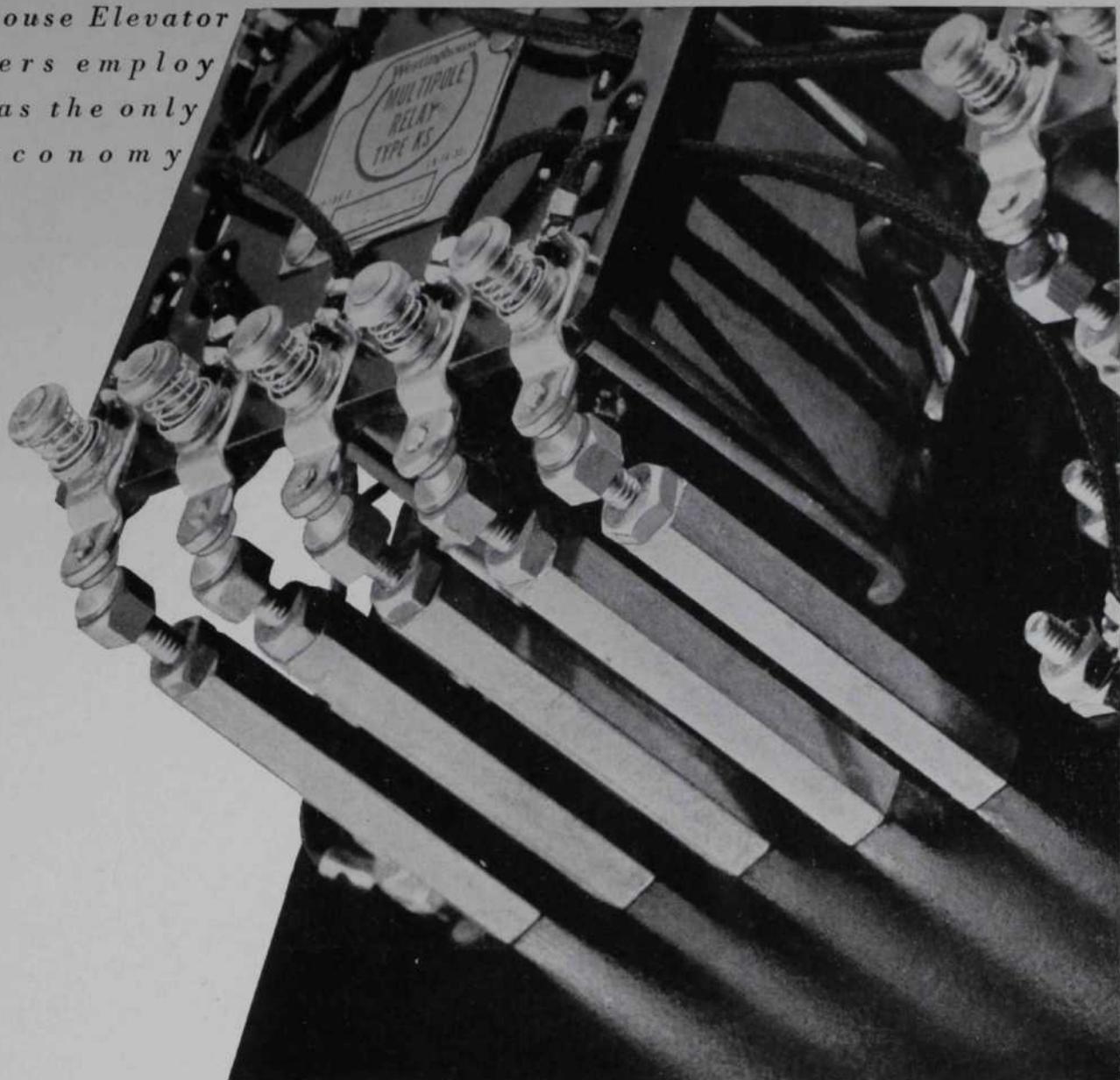
National Association of Mutual Casualty Companies,
230 North Michigan Avenue, Chicago, Illinois.

Gentlemen: Kindly send me with no obligation, the names of your member companies and your booklet outlining the principles and operation of the *mutual* plan of insurance.

Name _____

Address _____

Westinghouse Elevator
Engineers employ
quality as the only
real economy



Silver to Silver contacts

Look into the heart of the Westinghouse electric magnetic control system. There the elevator operative relays, completely designed and developed by Westinghouse, reveal decided forward strides made in modern elevator engineering. Pure silver to silver contacts represent just one of the quality refinements proven by Westinghouse to be of decided importance in reducing operating and maintenance expense. Modern elevators cost much less to operate. Old elevators are a depressing extravagance. Let Westinghouse engineers show you how *correctly* modernized elevators quickly pay for themselves.

Westinghouse

MODERNIZATION BY WESTINGHOUSE . . . every "change over" presents its own problems. Any building referred to Westinghouse is given individual, careful study to insure the most economical, intelligent recommendations.



Electric Elevators

BURNING OVEN

STEAKS COOK
BUT THE MAN LIVES..



Copyright, 1938, R. J. Reynolds Tobacco Company

ILLUSION:

A roaring fire was built in an oven...the temperature rose to 600° F. Into the oven walked the "fire" king, M. Chabert, carrying several raw steaks. A few minutes later the doors were flung wide and out he stepped...safe and sound...with the steaks thoroughly cooked.

EXPLANATION:

Heat rises. When Chabert entered the oven he hung the steaks *above* the fire, then dropped to the floor at the *side*, covering his head with a hood made from his shirt. He breathed through small air holes in the floor.

KEPT FRESH
IN THE WELDED
HUMIDOR PACK



IT'S FUN TO BE FOOLED ... IT'S MORE FUN TO KNOW

"The Burning Oven" is an old illusion which has played a leading rôle in cigarette advertising. Its modern name is "Heat Treatment."

EXPLANATION: All cigarette manufacturers use heat treatment. The first Camel cigarette was manufactured under the heat-treating process. Every one of the billions of Camels pro-

duced since has received the necessary heat treatment.

Harsh, raw tobaccos require intensive processing under high temperatures. The more expensive tobaccos, which are naturally *mild*, call for only a moderate application of heat.

It is a fact, well known by leaf tobacco experts, that Camels are made from finer, MORE EXPENSIVE tobaccos than any other popular brand.

Try Camels...always fresh, in the air-tight, *welded* Humidor Pack.



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TOBACCO**

IN A MATCHLESS BLEND